AR56

ROGERS
Communications Inc.

reality check

1998 Annual Report

ROGERS™
Communication
Entertainment
Information

after years of investment, Rogers Communications is delivering the new reality of convergence between communication, entertainment, and information.

Profiles / Brands

Wireless

- Cellular
- Digital PCS
- Paging
- Data

Rogers Cantel Mobile Communications Inc. ("Wireless") is Canada's largest national wireless communications service provider offering subscribers a broad spectrum of wireless communications products and services. It is currently the only company in Canada licensed to provide all of cellular, Digital PCS, paging and wireless data services nationwide. With two million cellular, Digital PCS and paging subscribers, Wireless' seamless cellular network covers 93% of the Canadian population with analog coverage and over 81% of the population with digital coverage.

Cablesystems

- Cable Television
- Video Stores
- High-speed Internet Access

Rogers Cablesystems Limited ("Cablesystems") is Canada's largest cable television service provider with over 2.2 million customers in Toronto, Ottawa, Vancouver, and Southwestern Ontario. Cablesystems offers high-speed Internet access via cable modem over its fibre-rich network, which is ideally suited for two-way transmission of data requiring significant bandwidth. Cablesystems also owns and operates 212 video stores primarily in markets where it provides cable service.

Media

- Radio and Television Broadcasting
- Consumer and Business Magazine Publishing
- Home Shopping
- New Media

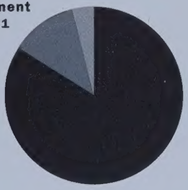
Rogers Media Inc. ("Media") comprises 20 radio stations, a televised home shopping channel, a multicultural television station in Toronto, ownership interest in three cable programming services, 16 consumer magazines, 45 business periodicals, directories and information products, and a new media division.

Key Statistics / 1998 Highlights

($ in millions)	1998	1997
Revenue	$ 1,243	$ 1,241
Operating profit(1)	$ 395	$ 396
Operating profit margin	31.8%	31.9%
Capital expenditures	$ 301	$ 605
Cellular subscribers	1,737,600	1,552,100
Paging subscribers	256,400	253,600
Cell sites	1,584	1,462
Digital coverage to population	81%	81%

• Wireless ended the year with over 525,000 Digital PCS subscribers, an increase of 285,000 from the prior year-end. • Wireless was the first Canadian company to offer prepaid cellular service with the launch in June 1998 of Pay As You Go. Wireless was also the first carrier in the world to offer universal access to its network through Pay As You Go service. • At year-end, Wireless had over 120,000 Pay As You Go subscribers.

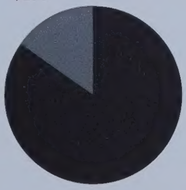
1998 Sources of Revenue



($ in millions)

($ in millions)	1998	1997
Revenue	$ 1,027	$ 945
Operating profit(1)	$ 399	$ 361
Operating profit margin	38.8%	38.2%
Capital expenditures	$ 310	$ 296
Basic cable subscribers	2,237,200	2,243,700
Tier penetration	88.2%	88.8%
Rogers@Home subscribers	54,200	11,900
Video stores	212	195

• Cablesystems increased penetration of its recently launched 16 channel MeTV tier to over 50% by year-end. • At December 31, 1998, 78% of Cablesystems cable television homes were passed by cable plant with two-way capability. • Cablesystems ended 1998 with 54,200 Rogers@Home high-speed Internet access customers, an increase of 42,300 from December 31, 1997.

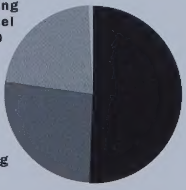


($ in millions)

*includes interdivisional eliminations

($ in millions)	1998	1997
Revenue	$ 538	$ 453
Operating profit(2)	$ 66	$ 54
Operating profit margin	12.2%	11.9%
Capital expenditures	$ 10	$ 9
Publishing – advertising pages	22,700	19,400
Shopping Channel – items shipped	2,169,000	1,550,800

• 40% revenue growth at The Shopping Channel and robust advertising markets led to an 18.8% increase in total revenue and a 21.5% increase in operating profit. • Publishing added to its portfolio through several acquisitions and new product launches. • Agreement reached for the acquisition of three radio stations in Ottawa/Smith Falls, subject to CRTC approval. • Media continued to launch and develop consumer Internet properties, including the expansion of Quicken Financial Network® Canada and launch of Electric Library and Bid.com.



($ in millions)

(1) Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization, and corporate management fees to Rogers.
(2) Operating income before depreciation and amortization and corporate management fees to Rogers.

we own nationwide digital and analog wireless networks of unmatched quality and potential.

our cable television systems are two-way equipped for the broadband future.

our media properties supply content to the pipeline.

individually, these
assets represent
outstanding value.

as they converge,
they are worth
even more.

reality:

as communication, entertainment, and information continue to converge, people will increasingly seek a single, convenient point-of-access at home.

check:

Advanced two-way cable networks have emerged as the single best conduit to the home in the age of convergence. Rogers is able to provide service to almost 2.8 million Canadian households with one of the world's highest quality cable networks. High-speed Internet service has arrived. Digital TV is close behind and telephony is coming. All on the same network. The potential is almost limitless. Pictured above is Mrs. Kay Knowles, our one millionth MeTV customer.

reality:

the Internet is the world's largest marketplace and richest source of information–the ultimate "what-if" machine. as products and services continue to multiply, efficient delivery will depend on greater bandwidth and speed.

reality:

the Internet is the world's largest marketplace and richest source of information – the ultimate "what-if" machine. as products and services continue to multiply, efficient delivery will depend on greater bandwidth and speed.


check:

Conventional telecom dial-up services were the first step into the Net. High-speed cable is the next leap forward. With Rogers@Home, it's here today. Up to 100 times faster than dial-up and always connected, Rogers@Home offers a big advantage to a rapidly growing number of Canadians. Pictured above are Jaclyn Sena and Marc-Anthony Zanetti, Rogers@Home customers.

reality:

wireless customers
have different
communication needs,
but everyone
wants value.


check:


rogers cantel
With Rogers Cantel, customers have more options: unique North American-wide One-Rate plans, simple core plans economically geared to usage, prepaid service, paging and two-way wireless data – on the broadest and highest-quality networks in Canada. No other wireless service can offer the same scope of choice and value. Pictured above is Drew McGowan, Purolator Courier Ltd., a Rogers Cantel "Power-User."

reality:

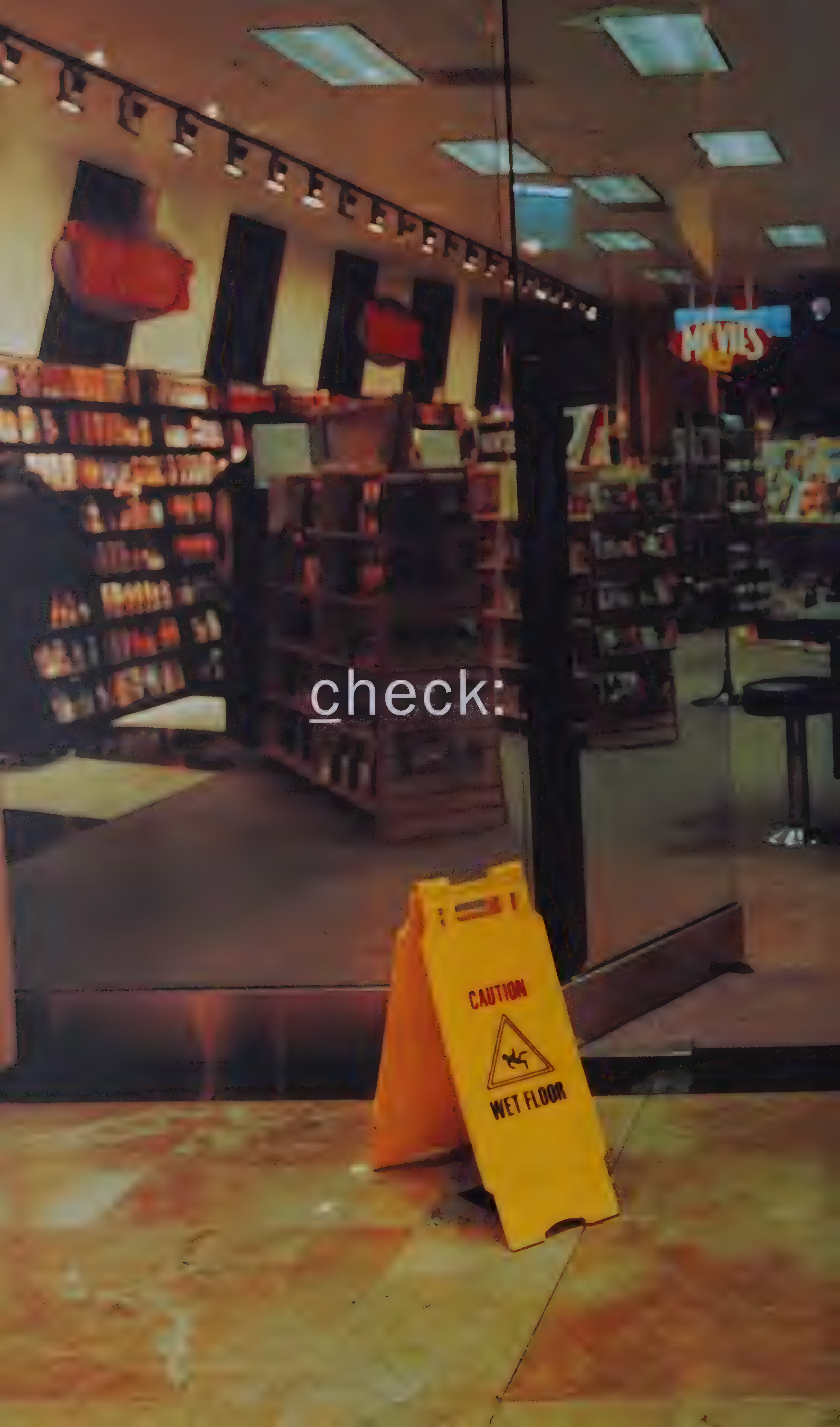
all advertisers face the same challenge: reaching the largest possible audience of prospective customers at the lowest possible cost.


check:


rogers media
Rogers Media enables advertisers to reach a vast number of Canadians with the right combination of mixed media. By economically combining the distinct demographics of radio, magazines, television, and the Internet, advertisers can have the best of both worlds: vast coverage in focused segments. Only with Rogers. Pictured above is Amanda Plowman, Vice President – Team Disney, Western International Media.

reality:

the companies best poised for the next stage of the information revolution are those that own both networks and content under a single, reliable brand name.


check:
MOVIES
CAUTION
WET FLOOR

No other company is able to offer Canadians as varied a bundle of communication, entertainment, and information services. From cable television service to video retailing, from digital wireless service to high-speed Internet access, from many of Canada's best-known consumer magazines to popular radio stations in major markets, Rogers is there. Visible. Dependable. Valuable. Pictured above is Shannon Skora, Rogers Video customer.

Edward S. Rogers, O.C.
President and Chief Executive Officer
Rogers Communications Inc.

Rael P. Merson
Executive Vice President and
General Manager
The Shopping Channel

Ronan D. McGrath
President
Rogers Shared Services and
Chief Information Officer
Rogers Communications Inc.

To Our Shareholders:

Our most important goal in 1998 was to make decisive changes that would improve our operating performance. I'm pleased to report that in a year when our share price almost doubled, we accomplished most of those changes successfully and all our companies are meeting the new realities of their marketplaces.

It was a year of remarkable transition. We achieved a significant turnaround at Rogers Cantel. We reduced our leverage significantly with the sale of Rogers Telecom. We retained market share in the increasingly competitive cable television market while introducing promising new cable-related products. And Rogers Media had yet another year of exceptional financial performance.

Rogers Cantel's transition was most heartening. After disappointing 1997 results under mounting competitive pressure, the company's new management team, led by industry veteran Charles Hoffman, took bold steps to streamline the organization, reduce costs, introduce new simplified rate plans, and improve customer care.

Philip B. Lind
Vice Chairman
Rogers Communications Inc.

James H. Smith
President and Chief Executive Officer
Rogers Cablesystems Limited

Charles E. Hoffman
President and Chief Executive Officer
Rogers Cantel Inc.

In June 1998, we concluded a strategically important transaction by selling Rogers Telecom to MetroNet Communications Corp. for $1.05 billion. The proceeds comprised both $600 million in cash, used to reduce debt, and approximately one-third of MetroNet's equity, allowing us to participate in the future growth of its local telecommunications business. We believe this was an excellent transaction for Rogers shareholders, one that crystallized high value at an opportune time.

At Rogers Cablesystems, the transition continues as competitors expand their market presence. Despite this challenge, we experienced minimal subscriber loss and successfully sold our MeTV channel package to more than half of our basic cable customers.

We also began to see the results of our investment in two-way, high-speed Internet capability and what it means to the company's future. Rogers@Home, a high-speed continuous-access alternative to conventional telecom dial-up services, was available to 2.2 million homes by the end of the year. I am pleased to say that Rogers offered high-speed Internet access to a larger proportion of its customers than any other company in North America. Customer reaction to the service was virtually unanimous: nothing else compares. In the future, this two-way broadband capability will separate cable operators like Rogers from all other competitors, and will usher in profitable new products based on digital cable transmission. Digital television will make its debut in 1999. Video-on-demand and telephony will not be far behind.

John H. Tory, Q.C.
President and Chief Executive Officer
Rogers Media Inc.

Charles W. van der Lee
President and Chief Executive Officer
Rogers Video

Anthony P. Viner
President and
Chief Executive Officer
Rogers Broadcasting Limited

Again last year, Rogers Media was a strong performer, increasing revenues and operating income considerably over the previous year while providing an excellent source of cash flow. The Shopping Channel surged in popularity. Rogers New Media introduced The Electric Library Canada, relaunched Quicken Financial Network Canada (including the French service Quicken.TA), and purchased an equity stake in Bid.com, an exciting new Internet auction site. We also announced an expansion of our radio stations based on new regulations that allow for greater concentration of ownership in major markets.

No other Canadian company covers the media business with radio, television, publishing, and electronic media like Rogers. This valuable integration is allowing us to offer large advertisers attractively priced bundled packages of mixed media in their target markets. We are also able to develop and repurpose a growing portion of the vital creative content – specifically Canadian content – needed by our cable and Internet services.

The bundling of services for consumers will figure prominently in our future, and will, we believe, differentiate us from our competitors. As an integrated provider of communication, entertainment, and information services, we are able to reward our best customers with discounts across a spectrum of services. For example, the Rogers VIP program, introduced in late 1998, offers basic cable service, all of our specialty channels, and a monthly movie rental at no extra charge, all at a discount. VIP members also save 10% on Cantel® AT&T™ voice and paging, AT&T long distance, Rogers@Home, Rogers Video products, and RadioShack branded merchandise, in addition to savings on top Canadian magazines from our Media division.

Roger D. Keay
Vice President, Technology and Strategic Planning
Rogers Communications Inc.

Alan D. Horn
Vice President, Finance and Chief Financial Officer
Rogers Communications Inc.

Throughout our history, Rogers has transformed new technologies into useful everyday tools for Canadians, from FM radio to cable television to wireless communications and now the Internet. Our growth will be based on the strength we have built into these valuable platforms, the content we bring to them, and the many ways we are able to consolidate their productivity to improve the value of our company.

We are indebted to the employees of Rogers Communications for our improved performance in 1998, and to our shareholders for their abiding faith in our vision. All our operations have solid prospects for growth in the year ahead. And Rogers has the management team, the organizational cohesion, and the ambition to make it happen. Together, we are creating a company of value, in each of its divisions but even more so in the sum of those parts.

Ted Rogers

Edward S. Rogers, O.C.
President and Chief Executive Officer
Rogers Communications Inc.

financial review

cellular subscriber additions

(thousands)

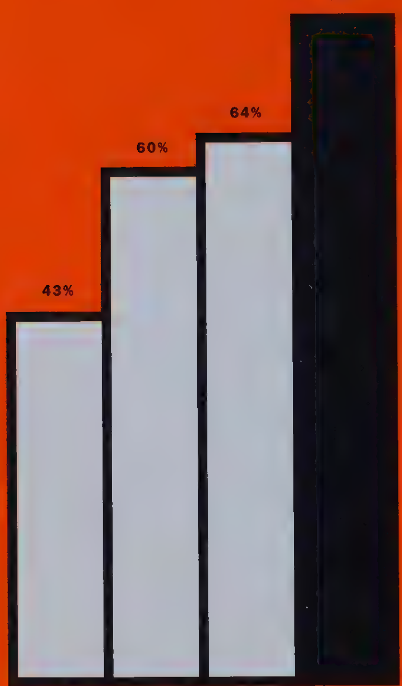
1,737,600

at December 31, 1998

rogers@home

2-way ready homes

(percent)



78%

of cable homes passed
at December 31, 1998

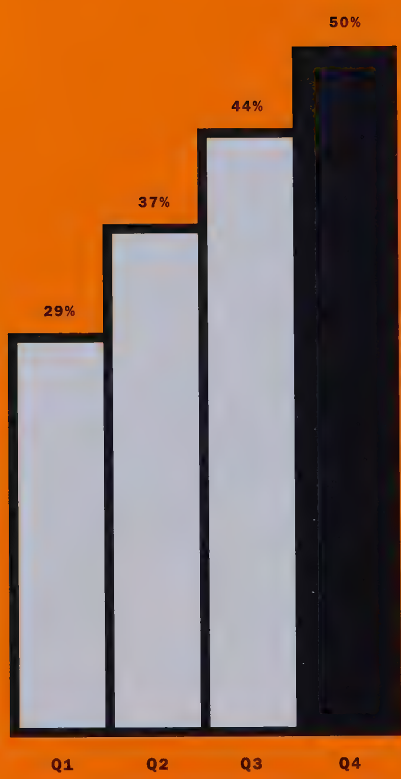
rogers@home
subscriber additions

54,200

at December 31, 1998

MeTV penetration

(percent)



50%

of basic cable subscribers at December 31, 1998

Financial Highlights

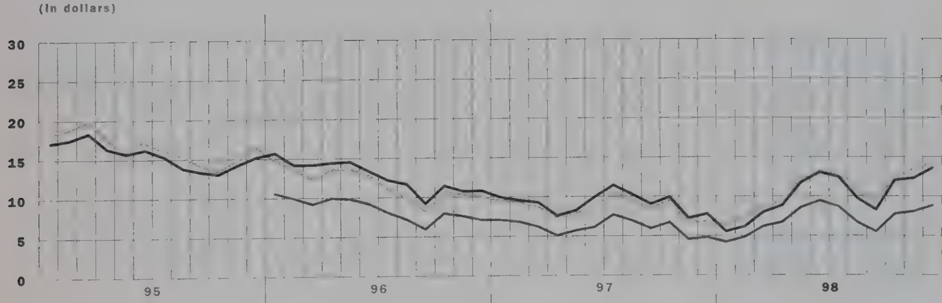
Rogers Communications Inc.

years ended december 31 (in millions of dollars)		1998		1997
Income Statement				
Revenue	$	2,839.2	$	2,695.3
Operating profit[1]		855.1		814.1
Net income (loss) for the year		634.8		(539.5)
Loss for the year before non-recurring items		(196.1)		(110.3)
(in dollars)				
Per Share Data				
Net income (loss) for the year	$	3.39	$	(3.17)
Loss for the year before non-recurring items		(1.27)		(0.77)
Cash flow from operations[2]		1.71		2.00
(in millions of dollars)				
Changes in Financial Position				
Cash flow from operations[2]	$	305.0	$	356.1
Capital expenditures		658.5		979.9
as at december 31 (in millions of dollars)				
Balance Sheet				
Total assets	$	6,384.9	$	6,147.0
Fixed assets (net)		3,234.6		3,299.0
Long-term debt		5,254.0		5,583.4
Shareholders' deficiency		(41.5)		(517.4)

[1] Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization.
[2] Cash flow from operations before changes in working capital amounts.

Monthly Share Prices

(in dollars)



● RCI Class A Shares ($Cdn) ● RCI Class B Shares ($Cdn) ● RCI Class B Shares – NYSE ($US)

For the purposes of this discussion, the operations of Rogers Communications Inc. ("Rogers" or "the Company") and the financial figures relating to its operations have been reported in three segments: "Wireless", which refers to Rogers' 81%-owned subsidiary Rogers Cantel Mobile Communications Inc.; "Cablesystems", which refers to Rogers' wholly-owned subsidiary Rogers Cablesystems Limited; and "Media", which refers to Rogers' wholly-owned subsidiary Rogers Media Inc. The results of Rogers Telecom Inc. ("Telecom"), the Company's previously wholly-owned local telecommunications business, are included in the 1997 results, and until June 30, 1998, when it was sold to MetroNet Communications Corp. ("MetroNet"). This discussion should be read in conjunction with the detailed Consolidated Financial Statements provided on pages 68 to 97 of this report.

The following discussion contains forward-looking statements regarding the future performance of the Company. All forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information. Please refer to "Cautionary Statement Regarding Forward-looking Information" on page 61 of this report for a further discussion.

The combination of our MeTV success, NFL Sunday Ticket, and the 1999 launch of Rogers Digital Choice TV allows us the opportunity to deliver to our customers the most exciting choice of programming ever.

Philip B. Lind
Vice Chairman
Rogers Communications Inc.

Consolidated Financial Results

Below are the summary financial results for the years ended 1998 and 1997.

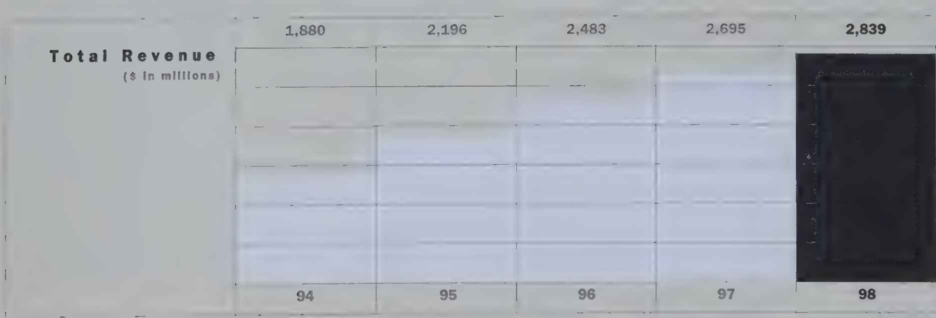
years ended december 31 (in millions of dollars)	1998	1997	% change
Revenue			
Wireless	$ 1,242.9	$ 1,241.3	0.1 %
Cablesystems	1,027.0	944.8	8.7 %
Telecom	31.1	56.3	nm[2]
Media	538.2	452.9	18.8 %
Total	$ 2,839.2	$ 2,695.3	5.3 %
Operating profit[1]			
Wireless	$ 395.1	$ 395.7	(0.1)%
Cablesystems	398.7	361.0	10.4 %
Telecom	12.7	24.5	nm[2]
Media	65.7	54.1	21.5 %
Corporate	(17.1)	(21.2)	19.4 %
Total	$ 855.1	$ 814.1	5.0 %
Operating profit[1] as a % of revenue			
Wireless	31.8%	31.9%	
Cablesystems	38.8%	38.2%	
Telecom	40.7%	43.6%	
Media	12.2%	11.9%	
Total	30.1%	30.2%	
Capital Expenditures	$ 658.5	$ 979.9	(32.8)%

[1] Operating income before provision for restructuring and asset writedowns (in the 1997 results), depreciation and amortization.
[2] Figure not meaningful due to the sale of Telecom during 1998.

A. 1998 Overview – Consolidated Results

Consolidated revenue was $2,839.2 million in 1998, an increase of $143.9 million or 5.3% from $2,695.3 million in 1997. Consolidated operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization ("operating profit") was $855.1 million, an increase of $41.0 million or 5.0% from $814.1 million in 1997.

During 1998 there were two significant events that negatively impacted the year-over-year financial performance comparison. First, effective January 1, 1998, Wireless began expensing the cash cost of subscriber telephones when incurred. In prior years, these costs were deferred and amortized over the term of the subscriber contract. Second, on June 30, 1998, Rogers completed the sale of Telecom to MetroNet. After giving effect to the current accounting treatment of subscriber telephones in Wireless'



1997 results and eliminating the results of Telecom from both years, Rogers would have reported consolidated revenue growth during 1998 of $169.1 million, or 6.4% and operating profit growth during 1998 of $85.6 million, or 11.3% compared to fiscal 1997.

Consolidated operating profit expressed as a percentage of revenue ("operating profit margin") was 30.1%, down marginally from the levels in the prior year, as each operating division reported operating profit margins similar to the prior year.

Non-Operating Income and Expense

In 1998, Rogers incurred charges totalling $31.2 million related to the early repayment of certain of the Company's Notes and Debentures. These charges include the write-off of deferred foreign exchange losses, deferred financing costs, and the prepayment premium.

On June 30, 1998, the Company sold Telecom to MetroNet for gross proceeds of $1.05 billion. Payment was comprised of cash of $600 million and 12.5 million Class B Non-Voting shares of MetroNet. The Company recorded a gain on sale of approximately $703.6 million.

The Company sold other assets, including 1.5 million Series A Common Shares of At Home Corporation ("At Home"), a portion of the Company's investment in Astral Communications Inc. ("Astral"), the Company's investment in Cogeco Cable Inc. ("Cogeco"), the Company's home security business, and its in-hospital direct marketing business. The total effect of these divestitures was gross proceeds to the Company of $263.4 million, resulting in a total gain on sale of $171.1 million. Investment and other income totalling $21.0 million in 1998 is primarily interest from General Cable T.V. Limited ("General"), a company controlled by the controlling shareholder of Rogers.

Fixed Charges

Depreciation and amortization was $569.6 million in 1998, an increase of $57.0 million, or 11.1% from $512.6 million in the prior year. This increase is largely due to changes in the useful lives of certain components of Wireless' and Cablesystems' networks. (See Note 3 to the Consolidated Financial Statements.)

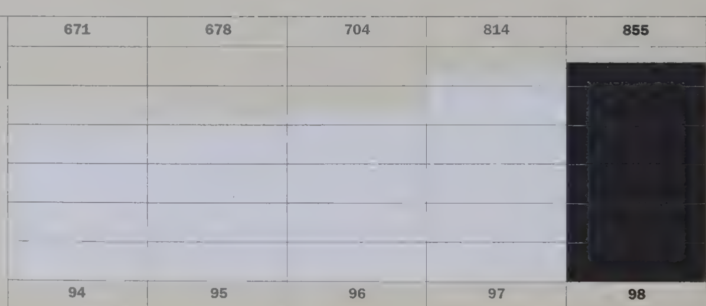
Interest expense was $524.7 million, an increase of $42.2 million, or 8.7% from $482.5 million in the prior year, primarily as a result of higher average debt balances, particularly at Wireless, as average interest rates were approximately the same in both periods. The weighted average rate of interest on long-term debt (total interest expense as a percent of weighted average debt outstanding) was approximately 9.4% in 1998 as compared to 9.3% in 1997.

Net Income and Loss

Net income in 1998 was $634.8 million, or $3.39 per share (after preferred share dividends) compared to a loss of $539.5 million, or $3.17 per share (after preferred share dividends) in 1997. Excluding non-recurring items in both years, Rogers recorded a loss of $196.1 million, or $1.27 per share (after preferred share dividends) in 1998 compared to a loss of $110.3 million or 77¢ per share (after preferred share dividends) in 1997. In 1998, the weighted average Class A and Class B shares outstanding increased to 178.6 million, from 178.2 million in 1997.

Total Operating Profit*
($ in millions)

*Operating income before provision for restructuring and asset writedowns, depreciation and amortization.



Staffing

As at December 31, 1998, Rogers had 10,010 full-time equivalent employees across all its operating groups, representing a decrease of 274 persons from the level reported at December 31, 1997. This decrease in total staffing levels reflects reductions at Wireless, Rogers Shared Services ("RSS"), and Corporate, as well as the sale of Telecom to MetroNet, which employed 197 at December 31, 1997. These reductions in staffing were partially offset by increases in staffing levels at Cablesystems and Media.

Wireless ended the year with 2,871 employees, a decrease of 356 from December 31, 1997. Employment levels in sales, customer service and other "customer-facing" positions increased during 1998 to assist revenue growth and improve customer service levels, while employment levels in non-customer facing positions were reduced.

Cablesystems ended the year with 4,160 employees, an increase of 27 from December 31, 1997. Cablesystems increased staffing levels in its Cable Television and high-speed Internet divisions, but decreased staffing levels marginally in its Video Stores divisions, despite an increase in the number of stores. The staffing increases were partially offset by the sale of Cablesystems' home security division during the year.

Media ended the year with 2,548 employees, an increase of 294 from December 31, 1997. Media added staff in all areas of its businesses, as all divisions showed strong revenue growth during 1998.

The corporate office and RSS, which reduced employment levels by approximately 42 persons in 1998, ended the year with 431 employees between the two divisions.

Total remuneration paid to employees (both full and part-time), before capitalization, in 1998 was $470 million, an increase of $22 million, or 4.9% from $448 million in the prior year.

Risks and Uncertainties – Consolidated – Year 2000 Readiness

In 1997, Rogers instituted a multi-phase programme to address all known issues of year 2000 readiness in recognition of the potential material impact on its ability to conduct business. This programme reports to Ronan McGrath, President, Rogers Shared Services and Chief Information Officer. Status is reported biweekly to a senior management Steering Committee, with regular updates to the Audit Committee of the Board of Directors.

Rogers substantially completed its year 2000 remediation activities at the end of 1998. At the beginning of February 1999, Rogers had completed over 85% of the project milestones for this critical remediation and implementation phase of the year 2000 programme. The majority of the remaining work for this first phase will be completed by March 31, 1999, with some minor effort planned through to August 1999 to complete implementation of certain compliant solutions.

In the final phase of the year 2000 programme, Rogers will maintain its year 2000 ready status through implementation of "clean management" or change control processes that ensure year 2000 ready systems remain compliant throughout the year. This final phase of the programme also includes development of detailed contingency and business continuity plans by May 1999. Sufficient qualified personnel are available to complete the year 2000 programme.

Rogers' expenditures for its year 2000 readiness programme in 1998 were approximately $23 million, bringing expenditures to approximately $30 million since 1997, compared to a total

Rogers made steady progress in 1998 towards our consistently stated objectives of revenue growth, EBITDA growth through margin improvement, disciplined capital spending, and increased financial flexibility. These will remain our objectives in 1999.

Alan Horn
Vice President Finance and Chief Financial Officer
Rogers Communications Inc.

programme budget of $57 million extending into the year 2000. These expenditures are to be capitalized to the extent that they enhance the capabilities and useful life of the underlying systems. The funds required are provided through Rogers' cash flow and lines of credit. No material non-year 2000 projects have been cancelled, deferred or accelerated as a result of the year 2000 effort.

Rogers is also implementing an upgraded internal personal computer platform that will encompass a year 2000 ready solution for the desktop. The targeted completion date is July 1999.

Rogers' progress to date, and plans for 1999, indicate that Rogers is well positioned internally to be year 2000 ready in advance of December 31, 1999. The impact of the year 2000 issue on Rogers depends on the year 2000 readiness of third parties such as vendors, suppliers, customers, financial institutions and government agencies worldwide.

At this time, Rogers cannot determine the potential impact caused by third party infrastructure issues which may include lost revenue and an erosion of its customer base. Rogers' final phase of contingency planning includes addressing this third party impact on its operations. Because of the uncertainty surrounding the year 2000 readiness of third parties and notwithstanding the steps taken by Rogers, there cannot be total assurance that uncertainties with the year 2000 issue will not materially and adversely affect Rogers' business operations and its customers.

Rogers provides a monthly update of its year 2000 programme status and progress on its Internet Web site www.rogers.com.

In 1998, RSS completed the full implementation of a Purchasing and Materials Management Division, which resulted in significant savings for the Rogers Group of Companies in its first full year. The IT Division significantly increased transaction volumes, availability and reliability for its major systems while maintaining a flat budget.

Ronan D. McGrath
President, Rogers Shared Services and Chief Information Officer
Rogers Communications Inc.

B. Segmented Operations Review

B.1 Wireless

1998 Overview – Wireless

For purposes of this discussion, financial figures have been segmented into "Cellular Services" and "Other." The results of Cellular Services include both analog and Digital PCS Services. Cellular Services revenue includes airtime usage, monthly basic service fees, long-distance charges, optional service charges, system access fees, and roaming charges. "Other" operating profit includes Paging Services, Wireless Data Services, and Equipment Sales. Equipment Sales includes the sale of hardware, to Wireless' independent dealers and agents.

Wireless

years ended december 31 (in millions of dollars)	1998	1997	% change
Revenue			
Cellular Services	$ 1,045.4	$ 1,030.2	1.5 %
Equipment Sales	150.6	160.5	(6.1)%
Paging and Data Services	46.9	50.6	(7.3)%
Total	$ 1,242.9	$ 1,241.3	0.1 %
Operating profit[1]			
Cellular Services	$ 388.3	$ 388.4	–
Other	6.8	7.3	(6.8)%
Total	$ 395.1	$ 395.7	(0.1)%
Operating profit[1] as a % of revenue			
Cellular Services	37.1%	37.7%	
Other	3.4%	3.5%	
Total	31.8%	31.9%	
Capital Expenditures	$ 301.3	$ 604.7	(50.2)%

[1] Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization, and corporate management fees to Rogers.

Total revenue from Wireless increased by $1.6 million or 0.1% to reach $1,242.9 million in 1998, compared to $1,241.3 million in 1997. Operating profit was $395.1 million in 1998, down marginally from $395.7 million in 1997. Operating profit in 1997, after giving effect to the current accounting treatment of subscriber telephones, would have been $362.9 million, reflecting an increase in operating profit in the current year of $32.2 million or 8.9% versus the prior year. Operating profit as a percentage of revenue ("operating profit margin") was 31.8% in 1998, relatively unchanged from 31.9% in 1997. Operating profit margin in 1997, after giving effect to the current accounting treatment of subscriber telephones would have been 29.2%.

Management initiated a number of plans in 1998 to improve operating performance. These changes included:

- strengthening of the management team through the addition of a number of top executives in key operating positions within the Company;
- realignment of the organization from a central to a regional structure in order to have all customer-facing functions handled by regional operations; and
- implementation of a cost-reduction programme that reduced operating costs through the simplification of current business processes.

In addition, a number of key sales and marketing steps were taken, designed to increase revenue growth in different business segments. These steps included:

- introduction of Pay As You Go prepaid cellular and paging services, along with a dramatic increase in the number of non-conventional distribution points through which it was available;
- reduction of the number of price plans in each regional market, with consistent core pricing for analog and digital services;
- introduction of simplified long-distance plans; and
- the introduction of unique North American and Canadian one-rate plans. Cantel AT&T Digital One Rate plans leverage the Company's relationship with AT&T to provide North American-wide service at one low cost minute rate, eliminating roaming fees, long-distance charges, and time restrictions to the customer.

Revenue and Usage

Cellular Services revenue in 1998 totalled $1,045.4 million, up $15.2 million or 1.5% from the prior year's total of $1,030.2 million. This increase reflects the growth in cellular subscribers year-over-year, offset by a continued decline in monthly average revenue per user ("ARPU"). The subscriber growth resulted in an aggregate increase in monthly fees, local airtime, and long-distance revenue of $2 million. The balance of the increase in Cellular Services revenue came from increases in roaming revenue and system access fees.

Although Cellular Service revenue increased during the year, the trend towards lower monthly ARPU continued. Monthly ARPU in 1998 was $54, down 8.2% from $59 in 1997. This was the result of continued growth in the lower revenue consumer segment, including prepaid cellular, lower pricing in the business and corporate market segments driven by increased competition, and the offering of current market pricing to existing customers. Average monthly airtime usage per subscriber decreased to 202 minutes in 1998 from 213 minutes in 1997.

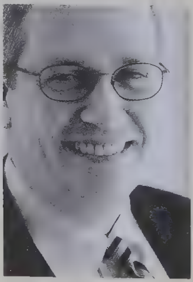
In 1999, Wireless will continue to take steps to minimize the expected decline in ARPU. Sales efforts will be aimed at increasing the number of higher revenue business subscribers through offers like Digital One Rate, that generate a higher than average ARPU. Wireless will continue to offer additional services and functionality to its existing customers.

Customer Satisfaction and Retention

With a customer base of two million cellular, Digital PCS, paging and data subscribers at December 31, 1998, management recognizes the need to balance the traditional industry focus on acquiring new customers with a greater emphasis on, and attention to, retaining existing customers by earning their satisfaction and their loyalty. Management has developed programmes that address the broad spectrum of customer satisfaction requirements, from the beginning of the sales cycle to the needs of the experienced cellular user. Quarterly satisfaction surveys were completed throughout 1998, and a portion of management's compensation for 1998 was tied to improvement in customer satisfaction.

In 1998, a number of programmes were launched that address customer satisfaction at the "front-end" of the customer life cycle. These programmes included:

- a reduction in the number of price plans offered in each regional market to three in order to reduce confusion;



The unsurpassed assets of Rogers Cantel – a nationwide digital network, a new, restructured management team, and re-energized distribution channels – began producing in the latter half of 1998. We are well positioned for success in 1999.

Charles E. Hoffman
President and Chief Executive Officer
Rogers Cantel Inc.

- a simplification of these plans to include "anytime" minutes, thereby eliminating customer concerns about calling during certain times of day;
- the introduction of flat-rate long-distance plans (previous plans were distance sensitive, making it difficult to quote long-distance rates);
- the introduction of simplified corporate pricing; and
- the introduction of Digital One Rate plans that offer customers low minute rates and no long-distance fees, roaming charges or time restrictions.

In addition, a number of initiatives aimed at increasing customer satisfaction within the existing customer base were implemented in 1998. These initiatives included:

- the decentralization of sales and servicing functions to the regional level and the establishment of clear regional authority and accountability for these functions (this has allowed regional management to address all customer issues in their regional market, thereby providing quicker response to customers' concerns);
- the establishment of a corporate sales force to rebuild account relationships with corporate accounts; and
- the launch of a customer loyalty programme that addresses hardware upgrades and price plan changes for the existing customer base, essentially providing existing customers with a specified tenure, and the ability to participate in the same offers as new customers.

The average monthly disconnect rate, or "churn" rate, for 1998 averaged 1.9% per month. In the early part of 1998, Wireless experienced high churn in the corporate segment as a result of aggressive pricing by its competitors and the lack of strong account relationships. Throughout much of the year, churn in the consumer segment has been high with a large number of three-year term customers completing their term and "shopping" for new airtime offers and hardware availability within a very competitive environment.

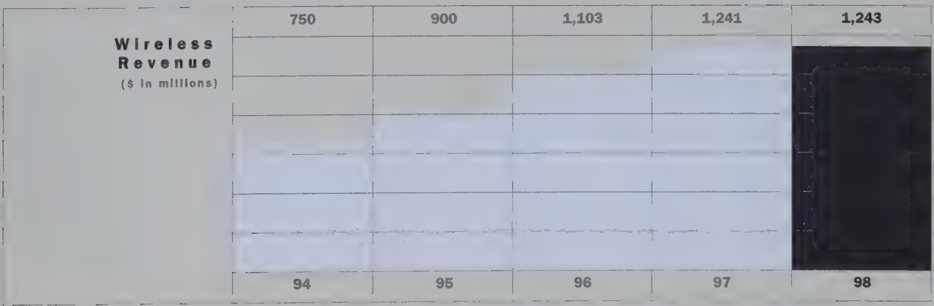
The retention and loyalty programmes mentioned above were implemented in the latter half of 1998, without sufficient time for them to firmly take root and reduce churn.

In 1999, Wireless will expand upon the 1998 customer satisfaction initiatives with the goal to reduce churn. In-store customer service will be a focus in 1999, particularly in high-volume locations in each major market. Management believes, based on customer survey results, that many of these initiatives are beginning to improve customer satisfaction and may reduce churn levels in 1999.

Sales and Marketing

Wireless added 185,000 new cellular and Digital PCS subscribers in 1998, net of disconnects, ending the year with 1,737,600 subscribers, a 12% increase from 1,552,100 at December 31, 1997. The 185,000 net subscriber additions represent an increase of 2,500 or 1.4% from 182,500 net subscriber additions in 1997.

Sales momentum from improvements in sales and marketing activities increased dramatically in the latter half of 1998, but were not readily apparent in the full-year increase in net subscriber additions.



In the first half of 1998, net additions accounted for 20% of the full-year total and were 58.2% below the first half of the prior year. In the second half of 1998, Wireless achieved 80% of its full-year net subscriber additions, as net subscriber additions were well above prior year levels.

The significant improvement in sales results between the first and second half of 1998 were the result of a number of sales and marketing initiatives, with the most notable initiative being the launch of Pay As You Go prepaid service. This service accounted for 71% of the net activations in the second half of 1998. The Digital One Rate service and flat-rate long-distance packages were also launched in October 1998.

In 1999, Wireless will focus on improving its overall distribution by strengthening its existing channels and developing new channels of distribution. The focus in the dealer distribution channel, which represents approximately 60% of Wireless' gross activations, will be to improve overall customer satisfaction levels. In some cases, the dealer distribution channel is expected to be augmented in key markets with the addition of company-owned stores. In addition to selling Wireless' products and services, these stores will also sell other Rogers products and services and those of its partners. The focus in the retail channel will be twofold: to reduce the complexity of the offers that are available at retail and increase the number of distribution points.

Expansion of distribution channels will include telesales, electronic commerce, affinity distribution and reselling.

Wireless estimates that its cellular and Digital PCS penetration of the population served in Canada reached 6.4% at December 31, 1998, as compared to 5.6% at the end of the prior year.

Paging and Data Services

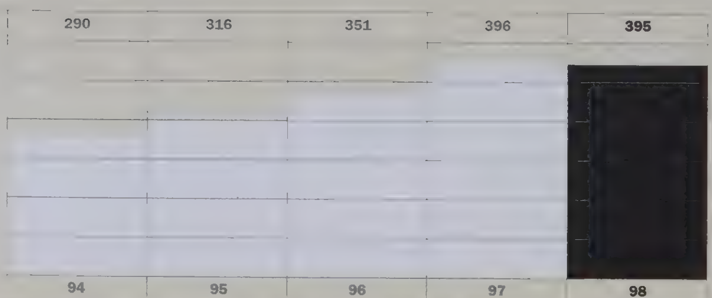
Paging and Data Services' revenue decreased to $46.9 million in 1998, down $3.7 million or 7.3%, from $50.6 million in 1997. Subscriber growth of 1.1% brought the total number of paging subscribers to 256,400 (excluding data service customers) at December 31, 1998, an increase from 253,600 at December 31, 1997. The decline in revenue growth is attributed to modest subscriber growth being more than offset by declining paging service prices. Monthly paging ARPU declined to $14, down $1 or 9.5% in 1998, from $15 in 1997. During 1998, the paging division focused on reducing operating costs in order to maintain operating profit margins as monthly ARPU declined in the competitive market. Average monthly paging cost per subscriber was $8, down $1 or 13.6% in 1998, from $9 in 1997. Average monthly paging churn increased to 3.24% per month from 3.21% per month in 1997. Operating profit from Paging Services declined by 6.8% in 1998 from 1997 levels.

Other Revenue

In 1998, revenue from equipment sales was $150.6 million, down $9.9 million or 6.1% from $160.5 million in the prior year. Equipment is generally provided to Wireless' independent dealers and agents at cost. The decrease is due primarily to reduced hardware prices versus the prior year.

Wireless Operating Profit*
($ in millions)

*Operating income before provision for restructuring and asset writedowns, depreciation and amortization, and corporate management fees to Rogers.



Operating Costs

Total cellular operating expenses (including cost of sales) of $657.1 million increased by $15.3 million or 2.4% over the prior year's expenses of $641.8 million. This increase was largely the result of year-over-year increases in sales and marketing costs, customer and network-related costs, partially offset by savings in credit and collections costs.

Sales and marketing cost per gross addition was $610 in 1998, 18.9% lower than the 1997 level of $752. A number of factors accounted for the decrease in sales and marketing expenses per gross subscriber addition, including:

- a reduction in fixed overhead or non-sales-producing activities in the sales and marketing departments;
- a reduction in hardware subsidies driven by declines in the cost of digital and analog phones; and
- the success of prepaid cellular, which carries essentially no variable acquisition costs.

Cellular operating expenses before sales and marketing costs were $327.5 million, an increase of $0.9 million or 0.3% from $326.6 million in 1997. The minor increase in total costs is attributed to a larger average customer base in 1998 over 1997 and additional technical service costs, offset by lower bad debt expenses. Cellular operating expenses per average subscriber, excluding sales and marketing costs, decreased $2 or 9.3% to $17 per month in 1998, compared to $19 in 1997.

In 1999, Wireless will continue to look for opportunities to reduce costs without slowing the considerable effort aimed at improving customer service and sales performance. The Company believes that being a low-cost provider is essential.

Operating Profit

Operating profit from Cellular Services ("cellular operating profit") was $388.3 million in 1998, essentially unchanged from $388.4 million in the prior year. Cellular operating profit, as a percentage of revenue ("cellular operating profit margin") was 37.1%, compared to 37.7% in the prior year. Cellular operating profit, after giving effect to the current accounting treatment of subscriber telephones in the prior year, would have been $355.6 million in 1997, reflecting a current year increase of $327 million or 9.2% from the prior year.

Operating profit from Other operations was $6.8 million in 1998, a decrease of $0.5 million or 6.8% from $7.3 million in 1997.

Capital Expenditures – Wireless

Capital expenditures at Wireless totalled $301.3 million in 1998, a decrease of $303.4 million or 50.2% from $604.7 million in 1997. Of this total, 64% was for increased cellular network capacity, new coverage, and increased signal strength in existing coverage areas. The remaining 36% was for general capital expenditures, primarily information technology projects such as the new customer care and billing system that was initiated in 1998. Other capital spending included the Company's new office location in Toronto, new call centres and the expansion and upgrading of the Mobitex™ mobile packet data network.

The 1998 capital expenditures were primarily for network development, as Wireless increased coverage and capacity of both digital and analog services. Approximately 50% of the network capital spending in 1998 was for network capacity expansion including "up-banding" existing sites to 1.9 GHz in the greater Toronto area. An additional 30% of the network capital spending was for voice service quality improvements in existing coverage areas. Approximately 130 new cell sites were added in 1998 to provide increased capacity, expanded coverage and improved voice quality. With these additional sites, Wireless will have constructed the cell site infrastructure to allow for rapid and low cost increases in capacity, for the most part by only adding additional channels. Wireless will have the necessary buffer capacity to accommodate greater than planned subscriber growth and/or higher network usage that may arise in this competitive marketplace.

By year-end 1998, Wireless' digital coverage was over 81% of the Canadian population. Wireless believes this extensive digital coverage will become increasingly important, particularly to business users who require enhanced digital features to be available over a broad geographic area.

As a result of the aggressive site build in 1996 through 1998, the up-banding of existing sites to 1.9 GHz, and the migration of customers from analog to digital service, Wireless' capital spending level is currently budgeted to be approximately $300 million in 1999. Approximately 50% of 1999 capital spending will be directed to network development; further, about 50% of this amount will be for network capacity, in particular, the up-banding of existing sites to 1.9 GHz in key urban areas across Canada. This initiative will provide Wireless with further digital capacity.

The other 50% of 1999 capital expenditures is budgeted primarily in the area of information technology, with $110 million dedicated to the implementation of a new billing and customer care system. The system will be fully implemented in the second quarter of 2000, and the following benefits are expected:

- providing a platform to bundle cellular/PCS, paging and other telecommunications services;
- graphical user interfaces which will allow customer service representatives to simply and more intuitively "navigate" the system, thus enabling them to serve customers more effectively; and
- improved quality and productivity, which will assist in reducing costs and strengthening customer loyalty.

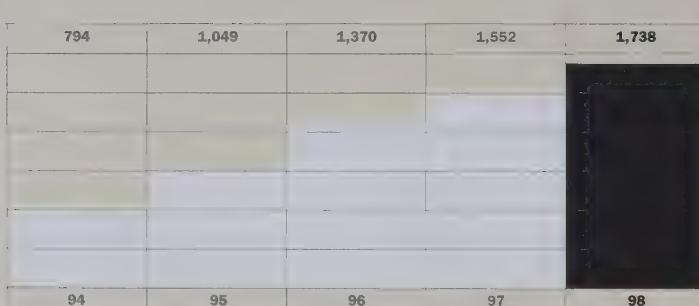
Operating Risks and Uncertainties – Wireless

New competitive entry and aggressive pricing have reduced Canadian cellular and PCS pricing to among the lowest in the industrialised world. Wireless cannot predict whether further price reductions will continue in 1999. The Company anticipates some re-pricing of its existing base as new, lower pricing is offered to customers when their term contracts come to an end.

Wireless cannot anticipate what impact the new PCS services and lower prices will have on overall market growth. Wireless will compete vigorously for all customer segments and in all markets based on the strengths of its analog and digital networks, strong brands, and broad distribution.

In October 1996, the Canadian Radio-television and Telecommunications Commission ("CRTC") ruled that participation by wireless carriers in local number portability ("LNP") would not be mandated during an interim period that runs until 1999. In December 1998, an application was filed by a competitor with the CRTC, requesting that wireless LNP be mandated by March 2000. This was the date

Cellular and Digital PCS Subscribers (000s)



initially set by the U.S. Federal Communications Commission ("FCC"). However, in February 1999, the FCC extended that date to November 2002. The application to the CRTC has not been dealt with, and it is unknown whether the CRTC will follow the FCC date of 2002. As well, in Order 99-5 the CRTC has already determined that access to the LNP database by wireless service providers should not be permitted unless the carriers meet all the regulatory obligations of being a competitive local service provider.

In 1998, the CRTC initiated a proceeding to examine whether wireless carriers should be required to pay monthly charges for the provision of 9-1-1 service. If implemented, a monthly charge per cellular telephone number would be assessed. The proposed charges vary by province. In light of the magnitude of the charges, wireless carriers may be required to pass on these charges directly to customers. The wireless industry position is that this should not be applied until technical solutions unique to the wireless industry have been implemented, in the 2000/2001 time frame. The cost to wireless could amount to approximately $6 million per year.

In 1998, Wireless commenced paying long-distance contribution, which amounted to $6 million for the year. During the year there was an application by long-distance carriers to replace the current contribution mechanism with a revenue tax on all telecommunications carriers, including wireless carriers. That application was denied, although the CRTC has indicated they will commence a proceeding in 1999 to reconsider the current contribution regime. A revenue tax approach would result in substantial increases in long-distance contribution for Wireless.

Wireless may elect to become a Competitive Local Exchange Carrier ("CLEC") nationally or on an exchange by exchange basis. While entering this business could have a positive revenue impact, certain requirements would have to be met which could create additional costs. Additional costs would include the capital outlay required to provide equal access and local number portability. The provision of equal access and local number portability could cause a reduction in Wireless' long-distance revenue and increased subscriber churn.

Since 1996, with the addition of new U.S. entrants such as Paging Network Inc. and Pagemart Wireless Inc., Wireless' paging division has experienced increased competition and price decreases. Wireless believes it is well positioned to benefit from the market expansion that increased competition will bring due to its extensive national network and broad distribution. However, there will continue to be downward pressure on prices and margins.

B.2 Cablesystems

1998 Overview – Cablesystems

For purposes of this discussion, the financial results of Cablesystems have been divided into two categories: Cable Television and Video Stores. Cable Television includes the results of Basic Cable service, Cable Plus service, converter rental, pay television, pay-per-view, installation, access fees and Home Security. The Hotel Pay Television service results are included in the 1997 results until June 19, 1997, when this division was sold and the Home Security service results are included in the results until June 30, 1998, when this division was sold. The results of the Company's high-speed Internet service, Rogers@Home, are not included in the Cablesystems operating results due to their pre-operating nature.

Cablesystems

years ended december 31 (in millions of dollars)	1998	1997	% change
Revenue			
Cable Television	$ 874.6	$ 808.4	8.2 %
Video Stores	156.2	140.6	11.1 %
Interdivisional eliminations[1]	(3.8)	(4.2)	–
Total	$ 1,027.0	$ 944.8	8.7 %
Operating profit[2]			
Cable Television	$ 382.7	$ 344.8	11.0 %
Video Stores	16.0	16.2	(1.1)%
Total	$ 398.7	$ 361.0	10.4 %
Operating profit[2] as % of revenue			
Cable Television	43.8%	42.9%	
Video Stores	10.3%	11.5%	
Total	38.8%	38.2%	
Capital Expenditures[3]	$ 310.3	$ 295.8	4.9 %

(1) Interdivisional eliminations represent bill payment processing fees and other transactions included in Video Stores revenue and Cable Television operating expense in both years.
(2) Operating income before provision for restructuring and asset writedowns (in the 1997 results), depreciation and amortization, and corporate management fees to Rogers. Video Stores operating profit is after video cassette depreciation.
(3) Excluding video cassette purchases.

Having worked in the North American Cable Television industry for over 20 years, I can appreciate the value of the advanced, two-way networks that Rogers Cablesystems has. I am looking forward to demonstrating this value to others as Rogers Cablesystems continues to layer new applications on top of the existing network.

James H. Smith
President and Chief Executive Officer
Rogers Cablesystems Limited

Revenue

Cablesystems' revenue (including that of Video Stores) totalled $1,027.0 million in 1998, an increase of $82.2 million or 8.7% from $944.8 million in the prior year. Cable Television revenue in 1998 was $874.6 million, an increase of $66.2 million or 8.2% from $808.4 million in 1997. This increase in Cable Television revenue was due primarily to the following:

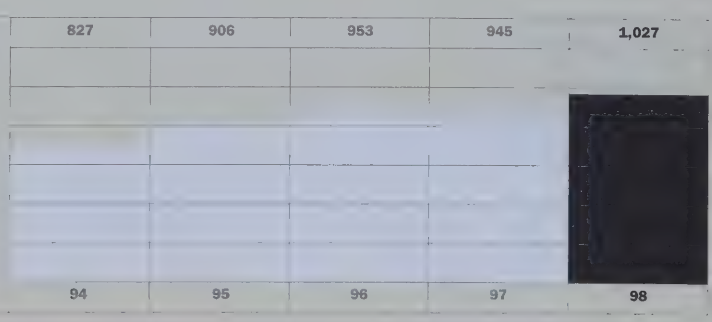
- **Effective March 31, 1998, Cablesystems implemented a rate increase on tier, or "Cable Plus" services averaging $2.04 per month. The impact of this rate increase, together with the full-year effect of a rate increase effective March 1, 1997, increased the average monthly Cable Plus revenue per Cable Plus subscriber to $10.78 in 1998, up $3.19 from $7.59 in 1997.**
- **In October 1997, Cablesystems introduced a new package of up to 16 new channels known as "MeTV." MeTV was provided to most of Cablesystems' basic cable customers free of charge between October 17, 1997 and January 17, 1998, and was then sold only to those customers who requested it. MeTV was made available to subscribers either as a stand-alone tier or as an add-on to Cable Plus Combo creating a new tier known as "Cable Plus Ultimate." Throughout the year, Cablesystems increased the penetration of Cable Plus through targeted sales initiatives. At December 31, 1998, approximately 72.2% of Basic cable customers subscribed to either Cable Plus Combo (which includes both Cable Plus Original and Select) or Cable Plus Ultimate, compared to 67.5% at December 31, 1997. By December 31, 1998, approximately 1,125,500 customers were subscribing to MeTV, as either stand-alone or as part of Cable Plus Ultimate, for a penetration rate of approximately 50.3%.**
- **The average number of Basic cable service customers during 1998 was slightly higher than in the prior year despite ending 1998 with 6,500 fewer Basic cable service customers. Cable Television ended the year with 2,237,200 Basic cable customers.**

These revenue increases described above were partially offset by the following factors:

- **The movement of the Family Channel service from pay television into a tier in 1997 continued to erode pay television revenue in 1998 and the number of pay television customers. At December 31, 1998, Cable Television had 171,800 pay television subscribers, a decline of 25,300 or 12.8% from 197,100 at the end of the prior year.**
- **Cablesystems reduced the number of available pay-per-view channels from a maximum of 20 to 4, leading to a lower number of pay-per-view movie buys in 1998 than in the prior year. The revenue contribution from MeTV has more than offset the revenue loss resulting from this reallocation of channel capacity.**

The net effect of the above was an increase in monthly Cable Television revenue per Basic cable subscriber of $2.52, or 8.5% to $32.25, as compared to $29.73 in 1997. These figures exclude revenue from Hotel Pay Television and Home Security services.

Cablesystems Revenue
($ in millions)



Operating Costs

During 1998, total Cablesystems operating costs (including cost of sales) increased by $44.5 million or 7.6% over 1997, largely due to increases in core cable TV, as described below. Video Stores contributed to the increase in operating costs; however, this was largely due to the increase in the number of stores.

Cable Television's total operating costs (including cost of sales) increased $28.3 million or 6.1% over 1997, primarily due to increases in core cable TV, partially offset by the favourable impact from the sales of the home security and hotel pay television businesses. Core cable TV is the largest component of Cable Television's business and excludes the Hotel Pay Television and Home Security businesses from the calculations. Core cable TV cost of sales increased $25.8 million or 12.1% in 1998 to $8.85 per Basic cable subscriber per month, from $7.90 per Basic cable subscriber per month in 1997. Core cable TV operating expenses increased $7.7 million or 3.2% in 1998, to $9.21 per Basic cable subscriber in 1998, compared to $8.95 per Basic cable subscriber in 1997.

The increase in core cable TV cost of sales is largely due to the increase in Cable Plus supplier fees. These fees increased as a result of the additional channels offered and the increase in Cable Plus penetration rates achieved during 1998. The increase in Cable Plus supplier fees was partially offset by a decline in Pay Television and pay-per-view supplier fees. The increases in operating expenses are due to the sales effort required to improve the Cable Plus penetration levels, increased facilities costs, and changes in regulations surrounding Cablesystems' contribution to the Cable Production Fund. These increases were partially offset by cost savings and process improvement initiatives.

Operating Profit

Cablesystems' operating profit, including Video Stores, increased to $398.7 million in 1998, up $37.7 million or 10.4% from $361.0 million in the prior year. Cable Television's operating profit was $382.7 million in 1998, an increase of $37.9 million or 11.0% from $344.8 million in 1997, while Cable Television's operating profit margin was 43.8% in 1998, compared to 42.9% in 1997. The core cable TV operating profit margin, a key operating measure, was 44.0% in 1998, compared to 43.2% in 1997.

Video Stores

In 1998, Video Stores continued its strategy of aggressively opening new stores in an effort to strengthen its presence, primarily in Cable Television's licensed service areas. During the year, Video Stores opened 19 stores and closed two to end the year with a total of 212 stores, compared to 195 at December 31, 1997.

Video Stores' revenue in 1998 was $156.2 million, an increase of $15.6 million or 11.1% from $140.6 million in the prior year. Total revenue from the same stores (those open for the full year in both years) increased by 2.5% in 1998. This increase was due to a 0.5% increase in same store rental revenue, and a 10.9% increase in same store sell-through revenue. Video Stores' operating profit margin fell to 10.3% in 1998, from 11.5% in 1997 due primarily to lower gross margins in both video rental and sell-through product.

As a result of the increase in revenue and reduced operating profit margins, Video Stores' operating profit was $16.0 million in 1998, a slight decline from $16.2 million in 1997.

Rogers Video had another successful year in 1998. We expanded our store network to 212 locations and increased our gross revenue by 11% to $156 million. Our 2,500 dedicated full- and part-time employees serve 500,000 customers per week, including 50,000 Rogers Cable customers.

Charles W. van der Lee
President and Chief Executive Officer
Rogers Video

In the fourth quarter of 1998, Video Stores completed revenue sharing agreements with three of the six major U.S. film studios. Under these agreements the cost to Video Stores of each movie cassette is approximately $7 to $10, rather than $80 to $85 per cassette. The revenue from the rental of the cassette is then shared with the studio. By dramatically lowering the initial investment in each cassette, Video Stores is able to increase the number of copies available for rental, with little risk, in an effort to increase customer traffic. Video Stores' management is optimistic that these agreements will positively effect revenue and operating profit in 1999.

Rogers@Home

During 1998, Cablesystems began to aggressively sell its high-speed Internet service. In August 1998, Cablesystems lowered the price of its Rogers@Home service to $39.95 per month by temporarily waiving the $15 per month modem rental fee. This decrease, together with an aggressive print, radio and television advertising campaign assisted Cablesystems in increasing its customer numbers substantially during the year. At December 31, 1998, Cablesystems had approximately 54,200 Rogers@Home customers, compared to 11,900 at December 31, 1997. Another significant accomplishment in 1998 was the doubling of the number of customers passed by two-way cable network capable of supporting the service. At December 31, 1998, approximately 2.2 million or 78% of Cablesystems' homes passed were capable of supporting the Rogers@Home service, compared to approximately 1.1 million at December 31, 1997. During 1998, the operating losses of this division were deferred due to the early stage of its development. Cablesystems will begin including the results of operations of this division in its consolidated statements of income for the year ending December 31, 1999.

Capital Expenditures – Cablesystems

Capital expenditures at Cablesystems, excluding video cassette purchases, in 1998 were $310.3 million. Of this amount, approximately 48% was for network projects such as rebuild and new area build, 34% was for general network projects including information technology and filter installation, and approximately 13% was for Rogers@Home, including the purchase of subscriber equipment. The remaining amounts were primarily for Video Stores and Home Security.

For several years the largest component of Cablesystems' capital expenditures has been for the rebuild of its cable systems to improve the quality and reliability of the network by extending fibre-optic cable closer to the customer as well as to extend two-way signal transmission capability for products such as Rogers@Home and other services. Management expects to increase the number of its cable homes that are passed by two-way plant to over 2.6 million homes by December 31, 1999. By that time, substantially all of Cablesystems' network will have minimum downstream capacity of 600MHz and have two-way capability.

Our growth in Rogers@Home customers to 54,000 from 27,000 in the last quarter of 1998 was encouraging. It is apparent that our customers love the high-speed, always-on Internet service. We are now effectively delivering the positive message concerning Rogers@Home's attributes.

Alek Krstajic
Vice President and General Manager
Rogers@Home

Total capital expenditures are budgeted to be approximately $370 million in 1999, excluding video cassette purchases. Approximately 49% of this amount is expected to relate to network capital projects including the further segmentation of certain greater Toronto area systems in response to demand for two-way services. This segmentation process has the additional benefit of providing 750MHz of bandwidth. Approximately 16% of the budgeted 1999 capital expenditures is for both digital head-end equipment and subscriber equipment for a launch of Digital Choice TV, 25% for Rogers@Home (primarily subscriber equipment), and the remaining amount for Information Technology and general projects.

Risks And Uncertainties – Cablesystems

Recent regulatory and public policy trends favour the emergence of a more competitive environment for cable television service providers in Canada. Consequently, Cablesystems faces competition, or potential competition, from a variety of alternative distribution services, including Direct Broadcast Satellite "DBS" services, Satellite Master Antennae Television Systems ("SMATV") and Multi-Channel, Multi-Point Distribution Systems ("MMDS"), Local Multi-Point Communications Systems ("LMCS"), as well as telephone companies ("the Telcos").

Through the use of digital technology, certain of these services may be able to offer a broader array of video programming, including expanded pay-per-view services, than that historically offered by Cablesystems. In addition, DBS and other digital service offerings are able to deliver a signal of comparable quality to that of a cable system employing extensive use of fibre-optic technology. Cablesystems believes it can compete effectively with either terrestrial or satellite-based service providers, provided the terms and conditions of competition are consistent for all participants, which appears to be the intent of Canadian government policy-makers and the CRTC.

On December 22, 1997, the CRTC published new broadcasting distribution undertaking regulations to replace the existing Cable Television regulations which apply to all distributors of broadcasting services in Canada, including cable television service providers, MMDS, LMCS, DBS, and SMATV services. These new regulations came into effect on January 1, 1998. These rules continue to guide content, ownership structures, and the alteration or deletion of programming services, but also introduce new measures to control undue preference of one service provider, and to govern the transfer of ownership of inside wire, building access, and other issues. The objective of the new regulations is to provide a clear set of terms and conditions for the entry of competitive broadcasting distributors. It is likely that applications for broadcasting licences within Cablesystems' licensed areas will be submitted and licences granted at some time in the future and Cablesystems will be faced with further competition. In Rogers Cablesystems' Ontario systems, one MMDS provider has been licensed and is currently competing with Rogers Cablesystems. The new broadcast regulations limit Cable Television and its competitors' ability to obtain exclusive contracts in buildings where it is technically feasible to install two or more systems. In buildings where end-user choice is not possible, Cable Television cannot sign exclusive contracts longer than five years in length while its competitors can sign unlimited exclusive contracts.

With 78% of Rogers Cablesystems' network now two-way and supporting Rogers@Home service, our focus in 1999 will be to drive fibre-optics deeper into the networks in preparation for video-on-demand, I.P. Telephony, and other advanced broadband services.

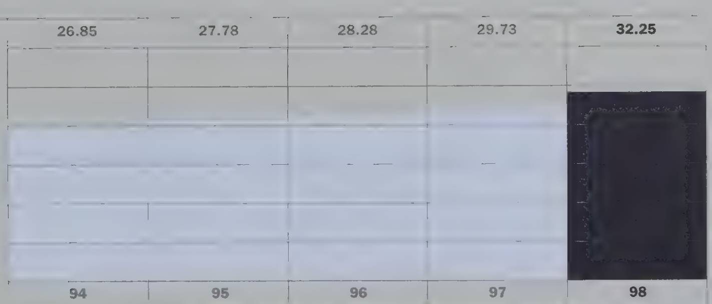
Roger D. Keay
Vice President, Technology and Strategic Planning
Rogers Communications Inc.

Cablesystems believes that by increasing channel capacity in its systems to allow for a compelling package of cable television programming at reasonable cost and with the implementation of Digital Video Compression ("DVC") technology under the Digital Choice TV brand, it will be able to offer competitive programming services. Cablesystems expects its DVC product will be available in 1999, but it also believes that its current programming packages are highly competitive with those available from its DBS competitors at this time. During 1999, Cablesystems expects the two existing DBS competitors will likely be able to increase their channel capacity. Since Cablesystems currently expects to have its DVC product available in 1999, it expects to be able to offer a comparable number of pay-per-view channels.

Beginning in 1999, an increasing component of Cablesystems capital expenditures will be to support a series of new business opportunities. These businesses include Rogers@Home, Digital Choice TV, video-on-demand, and other enhanced services that require advanced subscriber equipment. A substantial component of the capital required to support these businesses will be demand driven. As a result, forecasting capital expenditure levels for Cablesystems will likely become less precise.

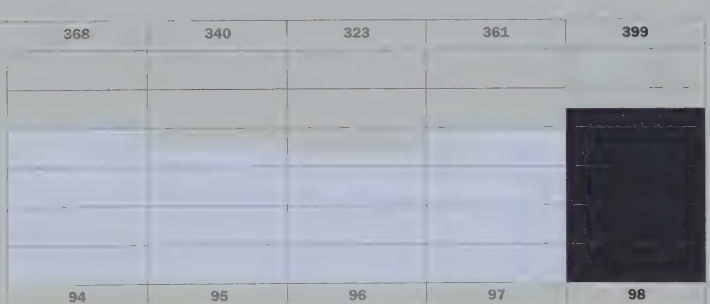
Cablesystems requires access to support structures (poles and conduits) and municipal rights of way in order to deploy its facilities. Cablesystems enters into contracts with municipalities and support structure owners in order to secure access. Where access cannot be secured, Cablesystems, as a broadcast distribution undertaking, has a right of access under the Telecommunications Act. Cablesystems and other Ontario cable operators were not able to reach an agreement with most Ontario municipal hydroelectric companies for pole access following the termination of their previous agreement in December 1996. Cablesystems has filed an application with the CRTC to gain access to the support structures. Currently, some municipal hydroelectric companies are denying access for new permits to Cablesystems. In addition, the municipal hydroelectric companies have indicated that they will be challenging the validity of the relevant section of the Telecommunications Act before the courts. If successful, this court challenge would remove the ability of the CRTC to regulate access to hydroelectric poles, which could lead to higher rates for pole access.

Monthly Cable Revenue per Subscriber
(dollars)



Cablesystems Operating Profit*
($ in millions)

*Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization, and corporate management fees to Rogers.



B.3 Media

The following table and discussion compare 1998 results with 1997 results for Media, which includes Publishing, Broadcasting and New Media divisions.

Media

years ended december 31 (in millions of dollars)	1998	1997	% change
Revenue			
Publishing	$ 272.6	$ 235.7	15.7 %
Broadcasting	263.1	216.2	21.7 %
New Media	2.5	1.0	150.0 %
Total	$ 538.2	$ 452.9	18.8 %
Operating profit[1]			
Publishing	$ 28.6	$ 24.6	15.9 %
Broadcasting	42.6	31.0	37.4 %
New Media	(5.5)	(1.5)	N/A
Total	$ 65.7	$ 54.1	21.5 %
Operating profit[1] as a % of revenue			
Publishing	10.5%	10.4%	
Broadcasting	16.2%	14.3%	
Total	12.2%	11.9%	
Capital Expenditures	$ 10.3	$ 8.6	19.8 %

[1] Operating income before depreciation and amortization and corporate management fees to Rogers.

1998 Overview – Media

Total revenue for Media was $538.2 million, an increase of $85.3 million or 18.8% from $452.9 million in 1997. Advertising markets were buoyant again in 1998, and The Shopping Channel ("tSc"), Media's televised home-shopping service, had another strong year with revenue increasing by $34.0 million or 40.0%.

Media's operating profit was $65.7 million in 1998, an increase of $11.6 million or 21.5% from $54.1 million in 1997. All of Media's operating businesses reported strong growth in operating profits in 1998. Some of Media's operating profit, however, was off-set by operating losses in a number of start-up New Media businesses.

1998 saw Rogers Media add new broadcasting properties, create new published products and become a leading Canadian on-line player. These initiatives helped us achieve record operating results in all divisions.

John H. Tory Q.C.
President and Chief Executive Officer
Rogers Media Inc.

Publishing

Publishing revenue was $272.6 million in 1998, an increase of $36.9 million or 15.7% over 1997. Acquisitions completed during 1997 and 1998 accounted for $5.5 million of this growth. All of Publishing's major divisions recorded significant revenue increases in 1998 compared to 1997. Excluding revenue growth attributable to acquisitions, Publishing's business and professional titles, directory, and information products experienced the highest increases in revenues (an increase of 16.3%), while revenue from consumer titles grew by 11.2%.

Although advertising sales performance was uneven during the course of the year, demand was generally higher than it was during 1997. Advertising revenues were up by $16.9 million or 11.6%, compared to 1997, with strong growth being reported by *Maclean's*™, *Canadian Business*™, and *Marketing*™ magazines.

In 1998, circulation revenue increased by $7.5 million or 14.3%, compared to 1997. This increase was largely due to price increases and the effect of acquisitions as circulation levels for Publishing's major consumer titles were held at 1997 levels.

The strongest area of revenue growth in 1998 for Publishing was from revenue sources other than magazine publishing. In these non-traditional publishing businesses, revenue increased by $12.5 million or 33.1%, compared to 1997. This was due in part to the successes of Bowdens Media Monitoring, a national print and broadcast media monitoring business, and Medical Education Network, a medical database business based in New York serving the North American pharmaceutical industry. The growth in this area is also a reflection of a strategic initiative to diversify Publishing's revenue stream away from the traditional dependence on advertising.

Paper prices for coated magazine stock continue to be unpredictable and were generally higher in 1998 than they were in 1997 due in part to a 6.6% increase in February, 1998. Subsequent prices moderated, but there is no certainty that this will continue.

During 1998, Publishing completed a number of acquisitions including the rights to publish a leading journal in the field of obstetrics and gynaecology, and the purchase of certain trade magazines serving the coatings and plastics industries, the remaining 52% not previously owned of a pension fund directory, and the remaining 51% of Professional Publishing Associates Limited ("PPA"). PPA is an integrated publishing and marketing company serving the parenting and children markets. Also during 1998, PPA sold its in-hospital direct marketing business.

Operating profit for Publishing was $28.6 million in 1998, an increase of $4.0 million or 15.9% from $24.6 million in 1997. This represents a record performance for Publishing.

Broadcasting

Broadcasting's revenue was $263.1 million in 1998, an increase of $46.9 million or 21.7% over 1997. All of Broadcasting's major divisions recorded strong revenue growth in 1998, with tSc showing the largest improvement.

The first half of the year was very strong for the Radio division but the pace of growth declined in the second half, leaving the division with total revenues up 7.2% compared to prior year. Revenue growth was spread across all stations, but was especially strong in the Toronto, Calgary, Victoria and Kitchener markets. In Toronto, 680News™ recorded its highest rating since its launch as an "all news" station in 1993, while CHFI-FM™ maintained its market leadership position. In Vancouver,

Strong advertising markets during the year helped our Radio and Television Broadcasting division increase its operating profit by over 37% in 1998. Regulatory changes that now allow for multiple licence ownership in radio should allow us to continue building on this strong trend in 1999.

Anthony P. Viner
President and Chief Executive Officer
Rogers Broadcasting Limited

the "all news" station 1130News™ continued to improve its ratings and revenue, and CKKS-FM™ had a strong year despite a slowing advertising market. During 1998, the Radio division continued to invest in more attractive programming for the AM stations in Victoria, Calgary and Kitchener. The radio division also took advantage of the new CRTC regulations concerning multiple licence ownership by entering into an agreement to purchase an FM station in Ottawa, Ontario and an AM and FM station in Smiths Falls, Ontario. This transaction is subject to CRTC approval and a decision is expected in the middle of 1999.

CFMT, the Company's multilingual television station in Toronto, had a record year with revenue increasing by 15.0%, compared to 1997. This was in part due to growth in the market, but also due to an enhanced programming strategy that began in the fall 1997 season. CFMT-TV's ability to acquire audience-attractive programming for the Ontario market continues, due in part to the licensing of new independent television stations in Vancouver and Alberta. These licences enable CFMT-TV to share the cost of national rights with other independent broadcasters and thereby acquire the rights for Ontario on attractive terms. CFMT also continued to expand its offerings of multilingual programming in 1998.

tSc had another year of exceptional growth, with both the number of items shipped and the average item sales price increasing compared to last year. This revenue increase is explained by a number of factors including higher sales to repeat customers, increased product variety, and return appearances on the channel of popular products and celebrities. Progress was also made during the year in expanding off-air sales, through flier programmes and "buy any time" initiatives. These initiatives will be further expanded in 1999 with the launch of quarterly catalogues and tSc's e-commerce Web site. Operating profit and the operating margin percentage for tSc also improved significantly during the year as the benefits of economies of scale were realized. During 1998, tSc negotiated long-term carriage agreements with most cable distributors. In exchange for generally favourable channel placement in these arrangements, tSc was required to pay increased cable access fees.

Operating profit for Broadcasting was $42.6 million in 1998, an increase of $11.6 million or 37.4% from $31.0 million in 1997. This was a record year for each of the Broadcasting operating divisions.

New Media

Media has continued with its strategy of investing in the area of interactive media and the Internet. The strategy is based upon identifying leading international or North American Internet brands, and adapting them for the Canadian market. Yahoo! Canada grew successfully during 1998 to maintain its position as one of the top three Canadian sites with monthly page views in excess of 30 million. Quicken Canada, which was launched late in 1997, experienced an increase in traffic and advertising revenue. Electric Library Canada, an online archival and reference database, was launched during 1998, and Media entered into a joint distribution and marketing alliance with Bid.com for the Canadian market. This marketing alliance with Bid.com was the first step in New Media's strategy to be a major player in e-commerce.

In January 1999, Media and Yahoo! Inc. mutually agreed not to renew the licence of the Yahoo! Internet search engine and directory for the Canadian market for an additional term, and this licence will terminate early in 1999. Media is currently exploring its options for remaining a participant in the Canadian Internet portal business.

1998 marked the beginning of The Shopping Channel's evolution from a televised retailer into an electronic retailer. We now interact with our customers on television, on the Internet, through infomercials, in our catalogue and in our outlet store. The key to making these ventures successful is our ability to accomplish this through one basic infrastructure.

Rael P. Merson
Executive Vice President and General Manager
The Shopping Channel

Capital Expenditures – Media

Total Media capital expenditures in 1998 were $10.3 million, compared to $8.6 million in 1997. Media's businesses are not capital intensive, and there were no major capital projects in 1998.

Capital expenditures in 1999 are expected to increase from 1998 levels as Media has entered into an agreement to purchase CFMT's leased premises in Toronto. Pending CRTC approval, Media also intends to purchase additional radio stations, reflecting the Company's goal of expanding its radio presence in its current market areas.

Risks and Uncertainties – Media

In April 1998, the CRTC released its ruling on multiple licence ownership for the Canadian radio industry. The new rules allow for a single owner to hold up to two AM and two FM licences in a market where there are eight or more licences. For markets with less than eight licences, an owner may own up to two stations on the same band and one on the other band. The CRTC also mandated an increase in Canadian content rules, to 35% from 30% previously. The new rules provide an opportunity for Media to grow its radio business in major markets and to realize the benefits of synergies and other economies of scale. Conversely, stations in major markets that do not combine ownership may find their competitive position is eroded if other stations merge and compete against them.

Advertising revenues, which are largely a function of consumer confidence and general economic conditions, also remain unpredictable. However, Media's diverse businesses and geographical breadth help to provide some stability to the advertising revenue base. It is also well established that advertising dollars migrate to media properties that are leaders in their respective markets when advertising budgets are decreased. Most of Media's radio and magazine properties are leaders in their respective markets. There is no current sign of weakness in the economy that would cause a decline in advertising revenues, and forward bookings for 1999 are comparable to this time last year.

Paper prices remain unpredictable. Management, in partnership with our printer, monitors the trends and forecasts for this commodity carefully and has taken aggressive steps to minimize paper consumption.

The Canadian magazine industry has for many years benefited from government legislation which was designed to promote Canadian content in magazines, and to prevent the entry into Canada of so-called "split run" magazines, which replace foreign advertisements with advertisements directed at Canadians, but carry little or no Canadian content. In 1997, the World Trade Organization upheld a complaint filed by the United States that certain measures adopted by Canada contravened the General Agreement on Tariffs and Trade ("GATT"). During 1998, the Canadian government repealed the legislation that was in contravention of GATT and worked intensively with the co-operation of the Canadian magazine industry to devise alternative legislation that would both achieve the policy objective and be in compliance with international trade rules. This resulted in Bill C-55, a measure that prohibits foreign publishers from selling advertising services directed at Canadians in the Canadian magazine market. This measure is expected to be passed into law early in 1999 despite opposition from the United States. As Canada's largest and most diversified magazine publisher, Media has played an active role in assisting the Canadian government to introduce alternative measures. Media remains confident that its position of strength in the markets it serves will enable it to continue to prosper and to deliver exciting magazines as vehicles for Canadian self-expression.

1998 was an exciting year for our new media activities. Quicken.ca and Electric Library.ca are attracting broad audiences and increased revenues and we successfully launched Bid.com, the great Canadian auction site. As well, our consumer and trade magazines have significantly enhanced the range of their Internet offerings and are experiencing sound audience and revenue growth.

Brian Segal
Vice President
Rogers Media Inc.

C. Financial Instruments

Rogers structures its borrowings generally on a stand-alone basis. Therefore, borrowings by each of its three business groups and by the parent company are generally secured only by the assets of the respective entities within each group, and such instruments generally do not provide for cross-collateralization or cross-defaults between groups, or guarantees. Currently, however, Rogers has provided a limited recourse guarantee of Cablesystems' bank credit facilities. Recourse under the guarantee is limited to the pledge of shares of Wireless or other marketable securities having a value of at least $200 million.

Assistance for servicing the parent company's financial obligations generally comes from three sources on an ongoing basis, including: management fees paid by the operating subsidiaries to the parent company; interest income on and repayment of intercompany advances; and other distributions from the operating companies allowable under the terms of their various financial instruments. (For details regarding the $5.25 billion of consolidated long-term debt outstanding at December 31, 1998, see Note 7 to the Consolidated Financial Statements.)

Interest Rate and Foreign Exchange Management

Rogers closely manages its exposure to floating interest rates and U.S. dollar foreign exchange fluctuations through the use of interest rate and cross-currency exchange agreements or "swaps." In order to minimize the risk of counterparty default under its swap agreements, Rogers assesses the creditworthiness of its swap counterparties. Currently, 100% of its total swap portfolio is held by financial institutions with a Standard & Poor's rating (or the equivalent) in the AA range.

Rogers targets to maintain fixed interest rates on at least 80% of its outstanding long-term debt. Apart from a period in 1994 when a floating rate bridge facility incurred to finance the acquisition of Maclean Hunter Limited was outstanding, this goal has been maintained for several years through a combined use of interest rate swaps and fixed rate debt instruments. At December 31, 1998, 83.9% of consolidated long-term debt was fixed with respect to interest rates. The weighted average interest rate for total long-term debt was 9.4% at December 31, 1998, for a weighted average term of approximately nine years.

The incurrence of U.S. dollar denominated debt has caused substantial foreign exchange exposure as revenue and assets are almost exclusively denominated in Canadian dollars. In recognition of this, several years ago, Rogers established a target of hedging approximately 50% of its foreign exchange exposure (excluding U.S. dollar denominated convertible debt) through the use of cross-currency swaps and from time to time since 1997, periodic use of short-term foreign exchange options. As at December 31, 1998, Rogers' U.S. dollar denominated long-term debt amounted to US$2.96 billion. At December 31, 1998, excluding U.S. dollar denominated convertible debt due 2005 (US$177.5 million), approximately 47.2% or US$1.3 billion of Rogers' U.S. dollar denominated long-term debt was hedged with respect to foreign exchange.

Currently, management is comfortable with its hedged position since there are no material scheduled U.S. dollar denominated unhedged principal repayments due until 2005. Management continually re-evaluates its hedging strategies.

The effect of having entered into the cross-currency swap agreements is to convert the obligation to service U.S. dollar denominated debt in the amount of US$1.3 billion into Canadian dollar denominated debt at an average exchange rate of 1.3090 Canadian dollars to US$1.00. Excluding the U.S. dollar convertible debt due 2005, Rogers calculates that on the unhedged portion of its U.S. dollar denominated debt, each 1 cent change in the Canadian dollar versus the U.S. dollar results in a change in principal amount of debt and annual interest expense of CDN$14.7 million and CDN$1.4 million, respectively. This yields an approximate 1.6 cent change in consolidated earnings per share. The U.S. dollar convertible debt due 2005, (described in more detail in Note 7 to the Consolidated Financial Statements) has been excluded from the above totals because it is convertible into Class B Non-Voting Shares until its maturity in 2005.

The following table presents a summary of the effect of changes in the foreign exchange rate on the unhedged portion of Rogers' U.S. dollar denominated debt and the resulting change in its debt principal, interest expense, and earnings per share. Again, calculations exclude U.S. dollar convertible debt due 2005.

change in CDN$ versus US$[1]	change in debt principal amounts ($ millions)	change in interest expense ($ millions)	earnings per share[2]
1¢	$ 14.7	$ 1.4	1.6¢
3¢	44.1	4.2	4.8¢
5¢	73.5	7.0	8.1¢
10¢	147.0	14.0	16.2¢

[1] Canadian equivalent of unhedged U.S. debt if U.S. dollar costs an additional Canadian cent.
[2] Assumes no income tax effect. Includes interest impact and the amortization of the change in principal amounts that would be amortized over the remaining life of the unhedged debt estimated at approximately 9.9 years.

Rogers' US$2.96 billion of long-term debt, or US$2.78 billion excluding the U.S. dollar convertible debt due 2005, is spread among its different operating entities and the parent company. The following table provides a breakdown by company of the U.S. dollar exposure, excluding U.S. dollar denominated convertible debt due 2005 of US$177.5 million, and the percentage of this exposure by business unit that has been hedged as at December 31, 1998.

business unit	U.S. dollar debt ($ millions)	% hedged
Wireless	$ 1,175	42.1 %
Cablesystems	1,177	65.4 %
Rogers Corporate[1]	430	11.6 %
Total	$ 2,782	47.2 %

[1] Excluding U.S. dollar denominated debt due 2005 of US$177.5 million (at December 31, 1998).

In 1998, we made significant progress toward achieving our investment grade goal by utilizing the cash proceeds from the sale of various assets (including the sale of Telecom) to reduce debt. As a result, our consolidated debt of $5.25 billion at 1998 year-end was almost $330 million lower than at 1997 year-end and the ratio of consolidated debt to EBITDA was reduced to 6.2 to 1.

M. Lorraine Daly
Vice President, Treasurer
Rogers Communications Inc.

D. Financial Position

Liquidity and Cash Flow

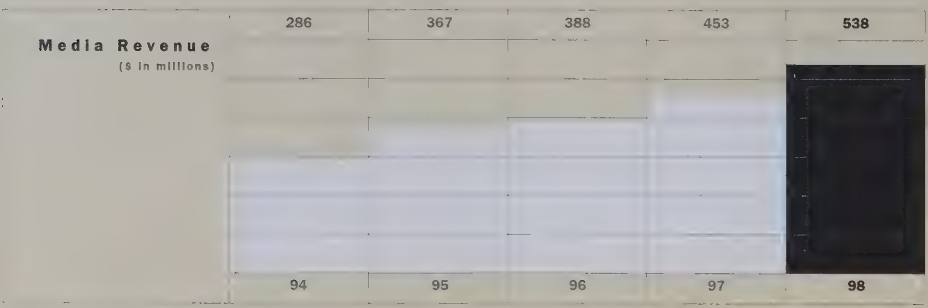
This discussion is based upon the Consolidated Statements of Income on page 68 and the Consolidated Statements of Changes in Financial Position on page 69 of the Consolidated Financial Statements.

For many years, Rogers has invested in expanding its existing communications businesses as well as investing in new communications initiatives, all of which are highly capital intensive. Mainly as a result of these large capital expenditures and the significant amount of debt used to finance them, interest expense has remained high and resulted in cash shortfalls from operations as well as losses from continuing operations for many years.

In 1998, the Company's cash shortfall from operations prior to acquisitions, investments, divestitures, and financing costs incurred was $309.1 million. The breakdown of this 1998 cash shortfall is: operating profit of $855.1 million; less cash interest of $511.6 million (an amount which excludes the $48.3 million of accrued interest paid on the repayment of the Liquid Yield Option Notes ("LYONs") due 2013, and $13.1 million of accrued interest on other discounted debentures); plus investment and other income of $20.8 million (an amount which is net of the $0.2 million non-cash component); less cash taxes of $11.0 million; less preferred dividend payments of $30.0 million; plus working capital reductions of $26.1 million; less capital expenditures of $658.5 million.

Non-operating uses of cash included the extinguishing of the Company's obligation under the LYONs due 2013, and both the scheduled repayment of US$50 million and subsequent prepayment of the remaining US$150 million of Cablesystems Senior Subordinated Notes due 2000. The cash required for these three transactions totalled $569.8 million (which includes $48.3 million of accrued interest on the LYONs due 2013) and included a repayment premium net of a gain from unwinding certain related cross-currency interest rate exchange agreements on the Cablesystems Notes. In addition, the Company redeemed capital stock totalling $131.6 million, of which $130.0 million was a non-cash exchange of preferred shares against two demand promissory notes held by the Company in General. (See Note 4(b) to the Consolidated Financial Statements for additional detail on this transaction.)

Total uses of cash during the year, including both operating and non-operating uses, totalled $880.5 million. Funding for this amount came principally from the sale of assets and investments, including: the $600 million cash component of the proceeds from the sale of Rogers Telecom to MetroNet; the sale of At Home Series A Common Stock for $130.2 million; the sale of a portion of the Company's investment in Astral for $56.2 million; the sale of the Company's home security business and its in-hospital direct marketing business for $49.5 million; the sale of the Company's investment in the subordinate voting shares of Cogeco for $27.5 million; and the sale of other investment totalling $15.8 million. (See Notes 2 and 4 of the Consolidated Financial Statements for further details on acquisitions and divestitures.) Additional funding was provided by the issuance of $10 million of long-term bank debt, the issuance of $1.2 million of capital stock. Together these divestitures and other funding sources totalled $890.4 million, leading to an increase in funds (defined as cash and short-term deposits less bank advances) of $9.9 million during 1998.



Financing

In February 1998, Media amended its $175 million bank credit facility, which, among other things, extended the term of the credit by two years so that the maturity date is now January 1, 2005.

In June 1998, prior to the sale of Telecom, Telecom fully repaid all amounts owing under its $100 million bank credit facility and cancelled the facility.

In June 1998, Rogers extinguished its obligations under the LYONs due 2013. The accreted amount repaid was US$138.5 million. As a result, Rogers incurred a non-recurring pre-tax charge of $21.9 million comprised of the write-off of deferred foreign exchange losses and deferred financing costs.

In July 1998, subsequent to a scheduled US$50 million payment in June 1998, Cablesystems prepaid the remaining US$150 million of its 11.09% Senior Subordinated Notes due 2000. As a result of this prepayment, Cablesystems incurred a non-recurring pre-tax charge of $9.29 million comprised of the net prepayment premium, and the write-off of deferred financing costs and deferred foreign exchange losses.

Of Rogers' total long-term debt of $5.25 billion, total bank debt outstanding at December 31, 1998, was $88.7 million, down from $145.9 million at December 31, 1997. Of this total, the principal components were $76.0 million outstanding under the Wireless facility and $9.0 million outstanding under the Media facility.

At December 31, 1998, Rogers' bank facilities provided for aggregate credit limits of $1,644.0 million, $1,543.2 million of which was unutilized. Generally, access to these credit facilities is subject to compliance with certain debt to cash flow covenants, and at December 31, 1998, Rogers could have borrowed additional long-term debt in the amount of $960.8 million ($150.0 million at Wireless, $603.9 million at Cablesystems, and $206.9 million under other credit facilities).

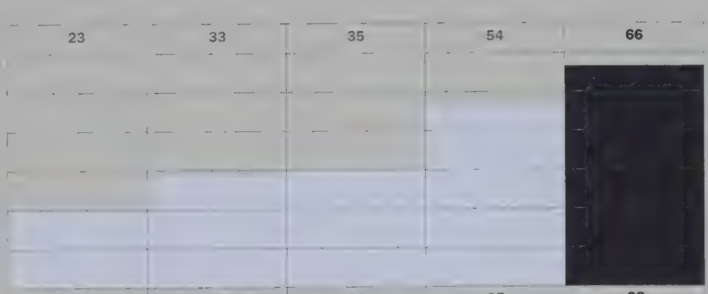
Of all the Rogers' debt instruments, the provisions of the bank loan agreements generally impose the most restrictive limitations on the operations and activities of the companies governed by these agreements. The most significant of these restrictions are debt incurrence and maintenance tests, restrictions upon additional investments, sales of assets, and distributions to shareholders. Rogers and its subsidiaries are currently in compliance with all of the covenants under their respective debt instruments. (See Note 7 to the Consolidated Financial Statements for additional details.)

As mentioned above, there are restrictions on the amount of funds that can be distributed out of the operating companies to the parent company. On December 31, 1998, a total of $634.3 million could have been distributed to the parent company from the operating companies in the form of repayments of intercompany notes.

Rogers' required repayments on all long-term debt in the next five years total $533.3 million, of which $200 million is for the assumed repayment of the Rogers 7.5% Convertible Subordinated Debentures in September 1999. Rogers plans to fund this assumed repayment from drawdowns under existing bank credit facilities. There are no substantive principal repayments in 2000, 2001 or 2003. The 2002 amount includes the repayment of Cablesystems US$250 million Senior Secured Second Priority Notes. Rogers expects to refinance this Cablesystems debt issue. (See Note 7 to the Consolidated Financial Statements for further details on debt repayments.)

Media Operating Profit*
($ in millions)

*Operating income before depreciation and amortization, and corporate management fees to Rogers.



During 1999, Rogers anticipates operating profit to increase, interest expense to increase, and capital expenditures to increase. Rogers expects that this will result in a net cash shortfall from operations in 1999 below the 1998 level of $357.6 million. In addition, Rogers expects that there will be a net cash shortfall from operations in years subsequent to 1999.

Rogers expects that cash from Wireless' operations, together with additional borrowings available to Wireless under the amended bank credit facility, will provide Wireless with sufficient financial resources through 2001.

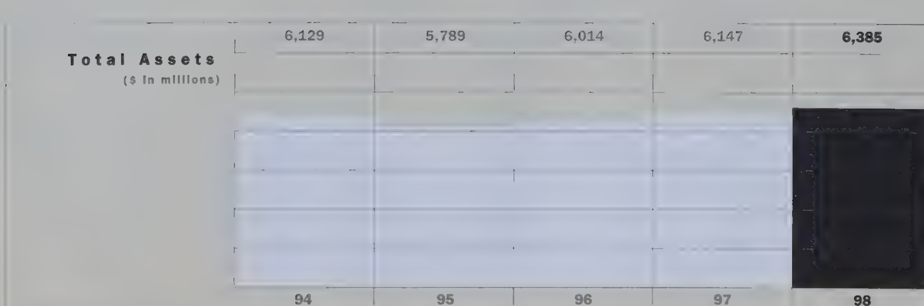
Rogers expects that cash from operations, together with additional borrowings available to Cablesystems under existing credit facilities, will be sufficient to meet Cablesystems' capital and other expenditure requirements through 1999. Rogers expects that subsequent to 1999, Cablesystems will require additional financing to provide sufficient financial resources. Rogers expects such additional financing to be raised by Cablesystems from one or more of the following: public or private debt offerings; modifications to, or the replacement of, Cablesystems' bank facility; or the issuance of equity by Rogers or one or more of its subsidiaries and the contribution of those proceeds to Cablesystems.

Rogers has made arrangements to fund its financial obligations on an unconsolidated basis in 1999, assuming borrowings are made by one or more of Wireless, Cablesystems, and Media under their separate bank credit facilities, and that a portion of such proceeds will be transferred to Rogers via that repayment of intercompany debt and distributions in the form of dividends. Included in these amounts are the funds assumed to be required to repay the $200 million 7.5% Convertible Subordinated Debentures.

Rogers expects that subsequent to 1999, it will require additional funds to satisfy its financial obligations on a corporate basis. These funds may be obtained via the repayment of inter-company debt and distributions by one or more of Wireless, Cablesystems, and Media. Additional funds may also be obtained from various sources including the issuance of equity, the sale of assets, or the issuance of additional debt. Each of these funding sources could be used by Rogers or one or more of its subsidiaries, and a portion of such proceeds transferred to Rogers.

Cautionary Statement Regarding Forward-looking Information

The preceding Management's Discussion and Analysis contains forward-looking statements that involve risk and uncertainties. The statements under, but not limited to, the following headings contain such information: "Risk and Uncertainties – Consolidated – Year 2000 Readiness," which describes the plans and objectives related to the Company's technological readiness for year 2000; "Customer Satisfaction and Retention – Wireless," which describes programmes aimed at customer satisfaction; "Sales and Marketing – Wireless," which describes plans and objectives for Wireless' distribution channels; "Operating Costs – Wireless," which describes cost reduction plans; "Capital Expenditure – Wireless," "Capital Expenditure – Cablesystems," and "Capital Expenditures – Media," which describes projected capital spending for 1999 and "Financing," which describes certain anticipated results and liquidity for 1999 and beyond. The Company cautions that the actual future performance will be affected by a number of factors, including without limitations, technological change which may impact the Company's capital expenditures and results of operations, regulatory change which may affect the Company's competitive strategy, and competitive factors which may alter the timing and amount of the Company's capital expenditures, all of which could adversely affect the Company's revenue expectations and results of operations. Many of these factors are beyond the Company's control; therefore, future events may vary substantially from what the Company currently foresees. The Company wishes to caution readers not to place undue reliance on such forward-looking statements that speak only as of the date made.



Common Stock Information

Share Price and Trading Volume – The Toronto Stock Exchange (RCI.A voting shares) Cdn$

years ended		first quarter	second quarter	third quarter	fourth quarter	total year
December 1996	High	$ 17.13	$ 15.25	$ 13.50	$ 12.25	$ 17.13
	Low	$ 13.50	$ 13.25	$ 9.25	$ 8.75	$ 8.75
	Close	$ 14.25	$ 13.40	$ 9.25	$ 10.85	$ 10.85
	Volume (000s)	391	1,219	414	390	2,414
December 1997	High	$ 11.15	$ 11.50	$ 11.95	$ 10.50	$ 11.95
	Low	$ 9.10	$ 7.50	$ 9.10	$ 6.75	$ 6.75
	Close	$ 9.35	$ 10.00	$ 9.10	$ 7.85	$ 7.85
	Volume (000s)	258	157	89	209	713
December 1998	**High**	**$ 9.30**	**$ 13.80**	**$ 14.40**	**$ 14.75**	**$ 14.75**
	Low	**$ 5.35**	**$ 8.25**	**$ 9.05**	**$ 8.15**	**$ 5.35**
	Close	**$ 8.80**	**$ 13.30**	**$ 9.40**	**$ 14.25**	**$ 14.25**
	Volume (000s)	**435**	**379**	**95**	**320**	**1,229**

Share Price and Trading Volume – The Toronto Stock Exchange (RCI.B non-voting shares) Cdn$

years ended		first quarter	second quarter	third quarter	fourth quarter	total year
December 1996	High	$ 16.13	$ 14.00	$ 12.95	$ 11.60	$ 16.13
	Low	$ 12.25	$ 12.38	$ 8.20	$ 8.15	$ 8.15
	Close	$ 12.38	$ 12.80	$ 8.25	$ 10.10	$ 10.10
	Volume (000s)	22,909	38,045	22,572	17,577	101,103
December 1997	High	$ 10.60	$ 10.10	$ 11.15	$ 10.00	$ 11.15
	Low	$ 8.15	$ 6.75	$ 8.00	$ 5.90	$ 5.90
	Close	$ 8.75	$ 8.65	$ 8.50	$ 6.90	$ 6.90
	Volume (000s)	14,033	32,113	21,661	39,563	107,370
December 1998	**High**	**$ 8.50**	**$ 14.00**	**$ 13.65**	**$ 13.95**	**$ 14.00**
	Low	**$ 4.80**	**$ 7.80**	**$ 8.35**	**$ 8.15**	**$ 4.80**
	Close	**$ 8.05**	**$ 13.10**	**$ 8.35**	**$ 13.65**	**$ 13.65**
	Volume (000s)	**46,427**	**44,642**	**25,913**	**19,227**	**136,209**

Share Price and Trading Volume – The New York Stock Exchange (RG non-voting shares) US$

years ended		first quarter	second quarter	third quarter	fourth quarter	total year
December 1997	High	$ 7.75	$ 7.37	$ 7.94	$ 7.06	$ 7.94
	Low	$ 6.00	$ 4.87	$ 5.93	$ 4.25	$ 4.25
	Close	$ 6.25	$ 6.18	$ 6.00	$ 4.87	$ 4.87
	Volume (000s)	547	1,583	707	912	3,749
December 1998	**High**	**$ 6.38**	**$ 9.50**	**$ 9.50**	**$ 8.94**	**$ 9.50**
	Low	**$ 3.81**	**$ 6.13**	**$ 5.50**	**$ 5.31**	**$ 3.81**
	Close	**$ 6.25**	**$ 9.50**	**$ 5.56**	**$ 8.88**	**$ 8.88**
	Volume (000s)	**3,163**	**7,031**	**6,150**	**2,795**	**19,139**

Subscriber Statistics

Key Wireless Statistics

years ended december 31	1998	1997	1996	1995	1994
Cellular Statistics[1]					
Subscribers	1,737,600	1,552,100	1,369,600	1,049,400	793,900
Subscribers to population served	6.44%	5.55%	4.97%	4.00%	3.09%
Average monthly revenue per subscriber	$ 54	$ 59	$ 66	$ 73	$ 79
Average monthly operating expense per subscriber[2]	$ 17	$ 19	$ 21	$ 22	$ 27
Switches	20	19	18	17	17
Cell sites	1,584	1,462	1,133	862	785
Paging Statistics					
Subscribers	256,400	253,600	242,800	201,800	191,800

Key Cable Television Statistics[3]

	1998	1997	1996	1995	1994
Homes in licensed area	2,789,815	2,778,158	2,744,344	2,987,836	2,941,873
Homes passed by cable	2,778,656	2,767,045	2,733,367	2,975,885	2,930,106
Basic cable subscribers	2,237,222	2,243,739	2,229,635	2,432,320	2,401,375
Basic to homes passed	80.5%	81.1%	81.6%	81.7%	82.0%
Pay television households[4]	171,774	197,089	240,729	269,303	290,289
Pay to basic	7.7%	8.8%	10.8%	11.1%	12.1%
Cable Plus to basic	88.2%	88.8%	88.1%	87.9%	93.5%
Average monthly cable revenue per subscriber[5]	$ 32.25	$ 29.73	$ 28.28	$ 27.78	$ 26.85[6]

Canadian Cable Subscribers

breakdown at december 31, 1998	homes passed	basic subscribers	basic subscribers to homes passed	% of subscribers
Ontario				
Greater Toronto area	1,184,100	967,562	81.7%	43.2%
Ottawa	312,932	244,598	78.2%	10.9%
Southwestern Ontario	513,390	401,635	78.2%	18.0%
Total	2,010,422	1,613,795	80.3%	72.1%
British Columbia				
Vancouver	353,791	276,743	78.2%	12.4%
Greater Vancouver area	414,443	346,684	83.7%	15.5%
Total	768,234	623,427	81.2%	27.9%
Grand total	2,778,656	2,237,222	80.5%	100.0%

(1) Per subscriber Wireless statistics are based on a 13-point average.
(2) Before sales and marketing expenses.
(3) All subscriber statistics exclude the Alaska cable system which had 6,625 subscribers at December 31, 1998.
(4) Includes 9,299 Bulk subscribers at December 31, 1998.
(5) Includes revenues from cable operations (Basic Cable service, Cable Plus, pay television, pay-per-view, installation and converters). These figures exclude Hotel Pay TV, Telecom and Video Store revenues.
(6) Calculated on a proforma basis (assuming all purchases, sales and swaps had been in effect for the full year).

Ten-Year Financial Summary

years ended december 31 (in thousands of dollars, except per share amounts)	1998	1997	1996	1995
Income and Cash Flow				
Revenue				
Wireless	$ 1,242,925	$ 1,241,329	$ 1,102,854	$ 899,521
Cablesystems	1,027,037	944,820	953,278	905,662
Telecom	31,103	56,243	38,993	23,727
Media	538,164	452,930	387,828	367,133
	2,839,229	2,695,322	2,482,953	2,196,043
Operating income before restructuring charges and asset writedowns and depreciation and amortization				
Wireless	395,142	395,661	351,145	315,642
Cablesystems	398,689	361,046	322,734	339,729
Telecom	12,659	24,527	14,101	12,095
Media	65,705	54,076	35,062	33,417
Corporate	(17,096)	(21,198)	(18,748)	(22,536)
	855,099	814,112	704,294	678,347
Non-recurring items, net of income taxes and minority interest	830,878	(429,171)	(134,661)	(136,602)
Net income (loss)	$ 634,769	$ (539,455)	$ (278,370)	$ (283,357)
Cash flow from operations[1]	$ 304,974	$ 356,075	$ 258,688	$ 276,498
Capital expenditures	$ 658,479	$ 979,922	$ 945,098	$ 579,692
Average Class A and Class B shares outstanding (000's)	178,580	178,226	178,080	177,614
Per share				
Net income (loss) – Basic	$ 3.39	$ (3.17)	$ (1.72)	$ (1.78)
Cash flow from operations[1]	$ 1.71	$ 2.00	$ 1.45	$ 1.56
Balance Sheet				
Assets				
Fixed assets	$ 3,234,634	$ 3,298,994	$ 2,870,249	$ 2,622,318
Goodwill, subscribers and licences	1,532,874	1,563,874	1,577,036	1,918,529
Investments	674,615	449,768	429,052	224,547
Other assets	942,730	834,379	1,137,978	1,023,567
	$ 6,384,853	$ 6,147,015	$ 6,014,315	$ 5,788,961
Liabilities and Shareholders' Equity (Deficiency)				
Long-term debt	$ 5,254,044	$ 5,583,353	$ 4,922,716	$ 4,360,470
Accounts payable and other liabilities	1,059,897	953,824	824,771	820,225
Deferred income taxes	112,437	127,261	221,388	266,986
Minority interest	–	–	–	71,323
Shareholders' equity (deficiency)	(41,525)	(517,423)	45,440	269,957
	$ 6,384,853	$ 6,147,015	$ 6,014,315	$ 5,788,961

[1] Cash flow from operations before changes in working capital amounts.

					years ended august 31	
1994	1993	1992	1991	1990	1990	1989
$ 750,420	$ 605,614	$ 516,519	$ 414,262	$ 346,427	$ 295,989	$ 177,951
827,451	581,157	509,405	459,860	423,569	395,101	334,844
15,360	12,392	8,507	5,957	–	–	–
286,518	137,315	137,538	131,384	136,386	124,862	93,637
1,879,749	1,336,478	1,171,969	1,011,463	906,382	815,952	606,432
289,921	198,648	129,452	99,605	54,051	48,673	30,026
367,951	246,981	196,429	183,205	154,815	144,254	149,704
7,839	5,303	3,143	1,706	–	–	–
23,655	14,725	17,108	13,948	12,088	10,487	5,374
(18,852)	(16,164)	(14,518)	(12,711)	(11,402)	(10,248)	(5,012)
670,514	449,493	331,614	285,753	209,552	193,166	180,092
(41,927)	(103,920)	(24,656)	87,208	6,774	–	688,106
$ (168,013)	$ (287,049)	$ (180,317)	$ (59,994)	$ (106,426)	$ (71,967)	$ 702,833
$ 335,022	$ 180,069	$ 111,240	$ 99,890	$ 64,949	$ 74,062	$ 116,763
$ 406,762	$ 317,537	$ 411,047	$ 289,070	$ 605,143	$ 600,004	$ 420,249
172,767	160,696	152,784	130,179	120,092	111,861	101,749
$ (1.16)	$ (1.89)	$ (1.30)	$ (0.76)	$ (1.32)	$ (1.06)	$ 6.67
$ 1.94	$ 1.12	$ 0.73	$ 0.77	$ 0.54	$ 0.66	$ 1.15
$ 2,380,114	$ 1,900,932	$ 1,835,005	$ 1,646,511	$ 1,510,014	$ 1,386,250	$ 833,595
1,933,996	839,484	914,907	959,129	954,869	956,333	867,278
513,498	549,601	516,001	446,782	531,829	542,672	183,172
1,301,019	680,860	829,085	296,327	214,029	200,083	118,555
$ 6,128,627	$ 3,970,877	$ 4,094,998	$ 3,348,749	$ 3,210,741	$ 3,085,338	$ 2,002,600
$ 4,174,922	$ 2,773,721	$ 2,696,286	$ 2,000,832	$ 1,871,795	$ 1,656,971	$ 755,418
851,749	443,703	423,330	345,020	325,498	356,933	255,161
283,391	168,974	277,369	270,920	205,835	208,157	210,532
67,794	–	18,862	43,054	1,026	1,026	1,026
750,771	584,479	679,151	688,923	806,587	862,251	780,463
$ 6,128,627	$ 3,970,877	$ 4,094,998	$ 3,348,749	$ 3,210,741	$ 3,085,338	$ 2,002,600

Quarterly Comparison 1997 – 1998

(In thousands of dollars, except per share amounts)	1998 dec. 31	sept. 30	june 30	march 31
Income Statement				
Revenue				
Wireless	$ 324,108	$ 315,587	$ 306,167	$ 297,063
Cablesystems	264,133	260,260	254,225	248,419
Telecom	–	–	15,556	15,547
Media	157,201	124,280	139,852	116,831
	745,442	700,127	715,800	677,860
Operating profit[1]				
Wireless	91,300	109,873	105,427	88,542
Cablesystems	101,929	102,719	100,211	93,830
Telecom	–	–	6,646	6,013
Media	20,244	11,739	24,867	8,855
Corporate	(2,527)	(3,414)	(6,134)	(5,021)
	210,946	220,917	231,017	192,219
Provision for restructuring and asset writedowns	–	–	–	–
Depreciation and amortization	147,272	142,528	145,172	134,619
Operating income	63,674	78,389	85,845	57,600
Interest expense	(126,779)	(130,349)	(136,843)	(130,766)
Other income (expense)	6,687	7,147	2,444	4,736
Non-recurring items	106,415	(9,486)	705,692	40,862
Income taxes	(17,279)	11,867	6,209	8,704
Net income (loss) for the period	32,718	(42,432)	663,347	(18,864)
Net income (loss) per share – Basic	$ 0.14	$ (0.28)	$ 3.68	$ (0.15)
Operating profit margin %[1]				
Wireless	28.2	34.8	34.4	29.8
Cablesystems	38.6	39.5	39.4	37.8
Telecom	–	–	42.7	38.7
Media	12.9	9.4	17.8	7.6
Consolidated	28.3	31.6	32.3	28.4
Other Statistics				
Cash flow from operations[2]	$ 90,614	$ 97,079	$ 49,926	$ 67,355
Capital expenditures	$ 226,575	$ 128,780	$ 169,017	$ 134,107

(1) Operating income before provision for restructuring charges and asset writedowns (in the 1997 results), and depreciation and amortization.
(2) Cash flow from operations before changes in working capital amounts.

(In thousands of dollars, except per share amounts)	1997 dec. 31	sept. 30	june 30	march 31
Income Statement				
Revenue				
Wireless	$ 345,741	$ 320,877	$ 308,198	$ 266,513
Cablesystems	243,202	241,379	232,955	227,284
Telecom	15,368	14,903	13,894	12,078
Media	129,280	105,978	119,725	97,947
	733,591	683,137	674,772	603,822
Operating profit[1]				
Wireless	88,019	103,809	111,918	91,915
Cablesystems	91,049	93,919	89,789	86,289
Telecom	7,550	6,795	5,706	4,476
Media	16,572	12,088	18,154	7,262
Corporate	(7,346)	(4,977)	(4,692)	(4,183)
	195,844	211,634	220,875	185,759
Provision for restructuring and asset writedowns	394,315	–	–	–
Depreciation and amortization	144,719	123,472	121,996	122,461
Operating income	(343,190)	88,162	98,879	63,298
Interest expense	(130,493)	(122,535)	(115,424)	(114,082)
Other income (expense)	10,251	7,362	3,948	4,098
Non-recurring items	–	(70,289)	–	–
Income taxes	40,455	19,172	9,690	11,243
Net income (loss) for the period	(422,977)	(78,128)	(2,907)	(35,443)
Net income (loss) per share – Basic	$ (2.41)	$ (0.47)	$ (0.05)	$ (0.24)
Operating profit margin %[1]				
Wireless	25.5	32.4	36.3	34.5
Cablesystems	37.4	38.9	38.5	38.0
Telecom	49.1	45.6	41.1	37.1
Media	12.8	11.4	15.2	7.4
Consolidated	26.7	31.0	32.7	30.8
Other Statistics				
Cash flow from operations[2]	$ 71,308	$ 96,874	$ 110,632	$ 77,261
Capital expenditures	$ 271,865	$ 281,226	$ 259,212	$ 167,619

[1] Operating income before provision for restructuring charges and asset writedowns (in the 1997 results), and depreciation and amortization.
[2] Cash flow from operations before changes in working capital amounts.

Consolidated Statements of Income

(in thousands of dollars, except per share amounts)	year ended december 31, 1998	year ended december 31, 1997
Revenue	$ 2,839,229	$ 2,695,322
Operating, general and administrative expenses	1,984,130	1,881,210
Operating income before the following	855,099	814,112
Provision for restructuring and asset writedowns (note 9)	–	394,315
Depreciation and amortization	569,591	512,648
Operating income (loss)	285,508	(92,851)
Interest on long-term debt	524,737	482,534
	(239,229)	(575,385)
Loss on early repayment of long-term debt (note 5)	(31,157)	(70,289)
Gain on sale of Rogers Telecom Inc. (note 2(b)(i))	703,564	–
Gain on sale of assets and investments (notes 2(b)(i) and 4)	171,076	7,197
Investment and other income	21,014	18,462
Income (loss) before income taxes	625,268	(620,015)
Income taxes (note 10):		
Current	10,959	8,968
Deferred	(20,460)	(89,528)
	(9,501)	(80,560)
Net income (loss) for the year	$ 634,769	$ (539,455)
Earnings (loss) per share (note 11):		
Basic	$ 3.39	$ (3.17)
Fully diluted	2.92	–
Weighted average number of Class A Voting and Class B Non-Voting shares outstanding (in thousands)	178,580	178,226

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Financial Position

(In thousands of dollars)	year ended december 31, 1998	year ended december 31, 1997
Funds provided by (used for):		
Operations:		
Net income (loss) for the year	$ 634,769	$ (539,455)
Items not affecting funds:		
Depreciation and amortization	569,591	512,648
Deferred income tax reduction	(20,460)	(89,528)
Gain on sale of assets and other investments	(874,640)	(7,197)
Loss on early repayment of long-term debt	31,157	70,289
Share of income of associated companies, net	(326)	(2,059)
Accrued interest due (paid) on repayment of certain notes	(35,117)	17,062
Provision for restructuring and asset writedowns	–	394,315
	304,974	356,075
Changes in:		
Accounts receivable	44,375	(66,010)
Accounts payable and accrued liabilities and unearned revenue	4,960	13,711
Deferred charges	(5,669)	(44,817)
Other assets	(17,580)	4,268
	331,060	263,227
Financing:		
Issue of long-term debt	10,000	1,378,218
Repayment of long-term debt	(521,461)	(881,691)
Financing costs incurred	–	(37,547)
Issue of capital stock	1,240	2,693
Redemption of capital stock	(131,648)	(2,547)
Dividends on preferred shares	(29,955)	(26,078)
	(671,824)	433,048
Investments:		
Additions to fixed assets	(658,479)	(979,922)
Proceeds on the sale of Rogers Telecom Inc. (note2(b)(i))	1,050,000	–
Investment in MetroNet Communications Corp.	(450,000)	–
Proceeds on sale of assets and investments	263,382	19,159
Decrease in investment in General Cable T.V. Limited	130,000	–
Purchase of subsidiary's capital stock	–	(25,662)
Other investments	15,777	(31,835)
	350,680	(1,018,260)
Increase (decrease) in funds	9,916	(321,985)
Funds (deficiency), beginning of year	(11,299)	310,686
Deficiency, end of year	$ (1,383)	$ (11,299)

Funds are defined as cash and short-term deposits less bank advances.

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

(in thousands of dollars)	as at december 31, 1998	as at december 31, 1997
Assets		
Fixed assets (note 3)	$ 3,234,634	$ 3,298,994
Subscribers and licences	1,342,360	1,369,818
Goodwill	190,514	194,056
Investments (note 4)	674,615	449,768
Accounts receivable, net of allowance for doubtful accounts of $54,736 (1997 – $52,842)	300,681	349,346
Deferred charges (note 5)	436,314	293,419
Other assets (note 6)	205,735	191,614
	$ 6,384,853	$ 6,147,015
Liabilities and Shareholders' Deficiency		
Liabilities:		
Long-term debt (note 7)	$ 5,254,044	$ 5,583,353
Bank advances, represented by outstanding cheques	1,383	11,299
Accounts payable and accrued liabilities	957,796	845,287
Unearned revenue	100,718	97,238
Deferred income taxes	112,437	127,261
	6,426,378	6,664,438
Shareholders' deficiency:		
Capital stock (note 8) 167,172 = 270	437,172	567,090
Contributed surplus	375,437	374,435
Deficit	(854,134)	(1,458,948)
	(41,525)	(517,423)
	$ 6,384,853	$ 6,147,015

Commitments (note 15)

Contingent liabilities (note 16)

Canadian and United States accounting policy differences (note 17)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Ted Rogers
Director

Gar Emerson
Director

Consolidated Statements of Deficit

(In thousands of dollars)	year ended december 31, 1998	year ended december 31, 1997
Deficit, beginning of year	$ (1,458,948)	$ (893,415)
Net income (loss) for the year	634,769	(539,455)
Dividends on preferred shares	(29,955)	(26,078)
Deficit, end of the year	$ (854,134)	$ (1,458,948)

See accompanying notes to consolidated financial statements.

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Rogers Communications Inc. as at December 31, 1998 and 1997 and the consolidated statements of income, deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles in Canada. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

Generally accepted accounting principles in Canada differ in some respects from those applicable in the United States (note 17).

KPMG LLP

Toronto, Canada
January 28, 1999

Chartered Accountants

1. Significant accounting policies

a. Consolidation

The consolidated financial statements include the accounts of Rogers Communications Inc. ("RCI") and its subsidiary companies (collectively the "Company").

Investments in associated companies and other business ventures over which the Company is able to exercise significant influence are accounted for by the equity method.

b. Capitalization policy

Fixed assets are recorded at purchase cost. During construction of new assets, direct costs plus a portion of overhead costs are capitalized. Repairs and maintenance expenditures are charged to operations.

c. Depreciation

Fixed assets are depreciated annually over their estimated useful lives as follows:

asset	basis	rate
Buildings	Diminishing balance	5%
Towers, head-ends and transmitters	Straight line	6⅔% to 10%
Distribution cable, subscriber drops and wireless network equipment	Straight line	6⅔% to 20%
Network radio channels	Straight line	12½%
Computer equipment and software	Straight line	25% and 33⅓%
Customer equipment	Straight line	20%
Leasehold improvements	Straight line over the term of the lease	
Other equipment	Mainly diminishing balance	20% to 33⅓%

Effective January 1, 1998, the Company revised the estimated useful lives of certain components of the wireless and cable television networks (note 3).

d. Subscribers, licences and goodwill

The Company amortizes the cost of subscribers and licences related to cable television system and wireless acquisitions using an increasing charge method over forty years at a discount rate of 4% per annum. Amortization of subscribers and licences for 1998 amounted to $21,795,000 (1997 – $20,921,000). Accumulated amortization of subscribers and licences amounted to $114,649,000 at December 31, 1998 (1997 – $93,234,000).

Goodwill is being amortized over periods of up to forty years on a straight-line basis from the date of acquisition. Amortization of goodwill for 1998 amounted to $7,021,000 (1997 – $8,831,000). During 1997, the Company wrote off goodwill amounting to $21,100,000 related to its paging operations (note 9(b)). Accumulated amortization of goodwill amounted to $36,490,000 at December 31, 1998 (1997 – $32,801,000).

The Company annually reviews the carrying value of subscribers, licences and goodwill to determine if an impairment has occurred. The Company measures the potential impairment of these intangible assets by comparing the carrying value to the undiscounted value of expected future operating income before depreciation and amortization, and depending on the nature of the asset, interest and income taxes. Based on its review in 1998, the Company does not believe that an impairment of the carrying value of subscribers, licences and goodwill has occurred.

e. Foreign exchange

Long-term debt denominated in United States dollars is translated into Canadian dollars at the year-end rate of exchange or at the hedge rate of exchange when cross-currency interest rate exchange agreements are in effect. Exchange gains or losses on translating this long-term debt are deferred and amortized on a straight-line basis over the remaining life of the debt. All other exchange gains or losses are included in income.

f. Deferred charges

The costs of obtaining bank and other debt financing are deferred and amortized on a straight-line basis over the effective life of the debt to which they relate.

During the development and pre-operating phases of new businesses, incremental costs are deferred and amortized on a straight-line basis over periods up to five years.

g. Unearned revenue

Unearned revenue includes subscriber deposits and amounts received from subscribers related to services and subscriptions to be provided in future years.

h. Income taxes

The Company records income tax expense on the tax allocation basis. Tax deferred as a result of claiming, for income tax purposes, amounts different from those recorded in the accounts are charged against current operations and recorded in the consolidated balance sheet as deferred income taxes. Timing differences consist principally of tax depreciation in excess of book depreciation and the capitalization of certain costs for accounting purposes which are expensed for tax purposes.

i. Pensions

Pension expense consists of the aggregate of: (a) the actuarially computed costs of pension benefits provided in respect of current year's service; (b) imputed interest on any funding excess; and (c) the amortization over the expected average remaining service life of employees of: (i) the funding excess existing at the beginning of the year; and (ii) any actuarial experience gain or loss during the year.

j. Financial instruments

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. These instruments include cross-currency interest rate exchange agreements, interest exchange agreements, and, from time to time, foreign exchange option agreements and forward exchange forward contracts. All such instruments are only used for risk management purposes and are designated as hedges of specific debt instruments. The Company accounts for these financial instruments as hedges and as a result the carrying values of the financial instruments are not adjusted to reflect their current market value. The net receipts or payments arising from financial instruments relating to interest are recognized in interest expense on an accrual basis. Upon redesignation or amendment of a derivative financial instrument, the carrying value of the instrument is adjusted to fair market value and any gain or loss is deferred and amortized over the remaining term of the original derivative instrument.

k. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Acquisitions and divestitures

The Company has completed certain acquisitions and divestitures. The acquisitions were accounted for by the purchase method.

a. Acquisitions

i. 1998

During 1998, the Company purchased certain magazines and periodicals for $9,443,000.

ii. 1997

During 1997, the Company purchased certain magazines, periodicals, home security services and a video store for $13,073,000.

Also in 1997, Rogers Cantel Mobile Communications Inc. ("Cantel"), a subsidiary public company, completed the purchase for cancellation of 1,000,000 of its Class B Restricted Voting Shares at a total cost of $25,662,000.

b. Divestitures

i. 1998

In 1998, the Company sold its competitive local telecommunications services provider, Rogers Telecom Inc. (a wholly owned subsidiary), to MetroNet Communications Corp. ("MetroNet"), for gross proceeds of $1,050,000,000 comprised of cash of $600,000,000 and 12,500,000 Class B Non-Voting shares of MetroNet (note 4(a)). The Company recorded a gain on sale of $703,564,000 before income taxes.

Also in 1998, the Company sold its home security business and its in-hospital direct marketing business for total proceeds of $49,522,000 and recorded a gain on sale of $27,582,000 before income taxes.

In addition, the Company sold certain other assets as disclosed in note 4.

ii. 1997

In 1997, the Company sold its hotel pay television business, its satellite uplink service and certain of its cable advertising businesses. The Company received total proceeds of $19,159,000 from these sales and recorded a gain on sale of $7,197,000 before income taxes.

3. Fixed assets

Details of fixed assets, at cost, are as follows:

(In thousands of dollars)	1998	1997
Land and buildings	$ 178,828	$ 154,350
Towers, head-ends and transmitters	229,097	285,961
Distribution cable and subscriber drops	1,883,484	1,801,227
Wireless network equipment	1,490,479	1,366,177
Network radio channels	973,257	898,396
Computer equipment and software	462,946	410,125
Customer equipment	101,528	165,735
Leasehold improvements	120,876	111,377
Other equipment	261,986	259,318
	5,702,481	5,452,666
Less accumulated depreciation and amortization	2,467,847	2,153,672
	$ 3,234,634	$ 3,298,994

Effective January 1, 1998, the Company revised the estimated useful lives of certain components of the wireless and cable television networks from 15 years to either 10 years or 5 years. This change in policy was applied prospectively and increased depreciation expense in 1998 by $27,312,000.

The Company has a significant ongoing capital expenditure program for the expansion and improvement of its networks. The Company estimates that its capital expenditure program for 1999 will amount to approximately $700 million.

4. Investments

(in thousands of dollars)	1998	1997
MetroNet	$ 450,000	$ –
General Cable T.V. Limited ("General")	170,000	300,000
Cogeco Cable Inc. ("Cogeco")	–	32,914
At Home Corporation ("At Home")	1	20,965
Astral Communications Inc. ("Astral")	1,697	33,952
Canadian Satellite Communications Inc. ("Cancom")	19,224	19,285
Other	33,693	42,652
	$ 674,615	$ 449,768

All investments are carried at cost, except for Cancom and certain other investments which are carried at equity. Further details of investments are as follows:

a. As partial consideration for the sale of Rogers Telecom Inc. during 1998 (note 2(b)(i)), the Company received 12,500,000 Class B Non-Voting shares of MetroNet. There are certain restrictions on the Company's right to dispose of these shares. The Company does not intend to hold these shares as a long-term investment and has accounted for its investment in MetroNet on a cost basis. At December 31, 1998, the quoted market value of the Class B Non-Voting shares of MetroNet was $51.00 per share.

b. General is controlled by the controlling shareholder of the Company. In 1998, as consideration for the redemption of all of the Series XVI and Series XVII Preferred Shares which were owned by an affiliated company of General, the Company assigned two demand convertible promissory notes owing by General with an aggregate principal amount of $130,000,000. The remaining convertible demand promissory notes of General, with an aggregate principal amount of $170,000,000, bear interest at the bank prime rate, payable monthly, are convertible into preferred shares of General and have the same aggregate redemption value as the Company's Series XXV Preferred shares which are owned by an affiliated company of General (note 8). In 1998, the Company received interest of $18,860,000 from General (1997 – $14,416,000). These arrangements, which have the effect of transferring tax deductions for fair value, were reviewed and approved by an independent committee of the Board of Directors.

c. During 1998, the Company sold its investment in subordinated voting shares of Cogeco for proceeds of $27,453,000, resulting in a gain on sale of $10,175,000 before income taxes. The Company also received repayment of a non-interest bearing note receivable from Cogeco with a principal amount of $36,476,000 by way of equal instalments in each of 1997 and 1998.

d. At Home, together with the Company and other Canadian and U.S. cable operators, delivers high speed Internet services over At Home's distribution network and the cable operators' local networks. In 1997, the Company invested $20,965,000 in At Home in exchange for 1,500,000 shares of Series A Common Stock of At Home and warrants to acquire an additional 1,000,000 shares of Series A Common Stock of At Home at an exercise price of US$10.00 per share, exercisable until June 10, 2004. In 1998, the Company sold its 1,500,000 shares of Series A Common Stock for proceeds of $130,228,000, resulting in a gain on sale of $109,264,000 before income taxes. In 1998, the Company received an additional 2,900,000 warrants to acquire Series A Common Stock of At Home at an exercise price of US$10.50 per share. Of the 3,900,000 warrants held, 765,223 had vested at December 31, 1998. At December 31, 1998, the quoted market value of the Series A Common Stock of At Home was $113.85 per share.

e. During 1998, the Company sold a portion of its investment in Astral for proceeds of $56,179,000 and recorded a gain on sale of $24,055,000 before income taxes.

5. Deferred charges

(In thousands of dollars)	1998	1997
Financing costs	$ 94,824	$ 113,107
Foreign exchange loss	324,932	162,243
CRTC commitments	7,020	13,264
Other costs	9,538	4,805
	$ 436,314	$ 293,419

Amortization of deferred charges for 1998 amounted to $49,522,000 (1997 – $125,073,000). In 1997, $86,601,000 relating to the amortization of subscriber telephone costs was included in operating expenses. Accumulated amortization as at December 31, 1998, amounted to $137,000,000 (1997 – $95,340,000). In 1997, the Company wrote off subscriber telephone costs and other deferred costs totalling $172,155,000 (note 9).

In connection with the early repayment of certain long-term debt, the Company recorded a loss in 1998 of $31,157,000 (1997 – $70,289,000), including the write-off of deferred foreign exchange costs of $18,648,000 (1997 – $37,318,000) and deferred financing costs of $4,783,000 (1997 – $7,902,000).

6. Other assets

(In thousands of dollars)	1998	1997
Amounts receivable from employees under share purchase plans, including $661 from officers (1997 – $1,046)	$ 3,973	$ 6,110
Mortgages and loans receivable, including $1,831 from officers (1997 – $2,620)	11,070	10,701
Inventories	49,653	31,334
Videocassette inventory	37,822	38,077
Prepaid expenses	30,977	30,062
Brand licence cost, less accumulated amortization of $5,250 (1997 – $2,730)	32,550	35,070
Acquired program rights	8,455	8,149
Other assets	31,235	32,111
	$ 205,735	$ 191,614

7. Long-term debt

(In thousands of dollars)	Interest rate	1998	1997
(a) Corporate:			
Convertible Debentures, due 2005	5¾%	$ 271,663	$ 245,849
Senior Notes, due 2006	9⅛%	153,050	142,910
Senior Notes, due 2006	10½%	75,000	75,000
Senior Notes, due 2007	8⅞%	487,718	459,326
Senior Notes, due 2007	8¾%	165,000	165,000
Convertible Subordinated Debentures, due 1999	7½%	199,993	199,993
Liquid Yield Option Notes, due 2013	5½%	–	192,906
(b) Wireless:			
Bank loan	Floating	76,000	75,000
Senior Secured Notes, due 2006	10½%	160,000	160,000
Senior Secured Notes, due 2007	8.30%	395,509	393,003
Senior Secured Debentures, due 2008	9⅜%	691,813	644,975
Senior Secured Debentures, due 2016	9¾%	267,838	250,093
Senior Subordinated Notes, due 2007	8.80%	329,058	307,257
(c) Cablesystems:			
Bank loan	Floating	–	68,000
Senior Secured Second Priority Notes, due 2002	9⅝%	322,408	314,802
Senior Secured Second Priority Notes, due 2005	10%	649,225	637,406
Senior Secured Second Priority Debentures, due 2007	10%	216,229	214,365
Senior Secured Second Priority Debentures, due 2012	10⅛%	259,447	285,820
Senior Secured Second Priority Debentures, due 2014	9.65%	300,000	300,000
Senior Subordinated Debentures, due 2015	11%	191,313	178,637
Senior Subordinated Notes, due 2000	11.09%	–	235,879
(d) Media:			
Bank loan	Floating	9,000	–
(e) Other	Various	33,780	37,132
		$ 5,254,044	$ 5,583,353

Further details of long-term debt are as follows:

a. Corporate

i. Convertible Debentures, due 2005

The Company's US$225,000,000 Convertible Debentures (the "Convertible Debentures"), mature on November 26, 2005. A portion of the interest equal to approximately 2.95% per annum on the issue price (or 2% per annum on the stated amount at maturity) is paid in cash semi-annually while the balance of the interest will accrue so long as these Convertible Debentures remain outstanding. Each Convertible Debenture has a face value of US$1,000 and is convertible, at the option of the holder at any time, on or prior to maturity, into 34.368 Class B Non-Voting shares. The conversion rate as at December 31, 1998, equates to a conversion price of US$22.94 per share. These Convertible Debentures are redeemable in cash, at the option of the Company.

ii. Senior Notes, due 2006

The Company's US$100,000,000 Senior Notes mature on January 15, 2006. These senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after January 15, 2001, at 104.563% of the principal amount, declining ratably to 100% of the principal amount on or after January 15, 2004. Interest is paid semi-annually.

iii. Senior Notes, due 2006

The Company's $75,000,000 Senior Notes mature on February 14, 2006. Interest is paid semi-annually.

iv. Senior Notes, due 2007

The Company's US$330,000,000 Senior Notes mature on July 15, 2007. These senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after July 15, 2002, at 104.438% of the principal amount, declining ratably to 100% of the principal amount on or after July 15, 2005, plus, in each case, interest accrued to the redemption date. Interest is paid semi-annually.

v. Senior Notes, due 2007

The Company's $165,000,000 Senior Notes mature on July 15, 2007. These senior notes are redeemable at the option of the Company, in whole or in part, at any time on or after July 15, 2002, at 104.375% of the principal amount, declining ratably to 100% of the principal amount on or after July 15, 2005, plus interest accrued to the redemption date. Interest is paid semi-annually.

Each of the Company's senior notes and debentures described above are senior unsecured general obligations of the Company ranking equally with each other.

vi. Convertible Subordinated Debentures, due 1999

The Company's $199,993,000 Convertible Subordinated Debentures, which mature September 1, 1999, are unsecured general obligations of the Company and are convertible at the option of the holder at any time prior to August 31, 1999, into Class B Non-Voting shares of the Company at a conversion price of $20.71 per Class B Non-Voting share. These debentures are redeemable in cash at the option of the Company at any time. Interest is paid semi-annually.

vii. Liquid Yield Option Notes, due 2013

The Company's Liquid Yield Option Notes ("LYONs") were repaid in 1998. The accreted amount repaid was US$138,494,000 (Cdn$200,164,000). As a result, the Company wrote off deferred financing costs of $3,794,000 and deferred foreign exchange of $18,074,000 relating to these LYONs, resulting in a net loss on repayment of $21,868,000 before income taxes.

b. Wireless

i. Bank loan

At December 31, 1998, Cantel had $76,000,000 outstanding (1997 – $75,000,000) under its $800,000,000 credit facility.

Cantel may borrow under various rates, including the bank prime rate to the bank prime rate plus ¾% per annum, the bankers' acceptance rate plus ¾% to 1½% per annum and the London Interbank Offered Rate ("LIBOR") plus ¾% to 1½% per annum. Access to the credit facility is based on certain maintenance tests, the most restrictive of which relates to a debt to operating cash flow ratio.

This credit facility is available on a fully revolving basis until the first date specified below at which time the facility becomes a revolving/reducing facility and the aggregate amount of credit available under this credit facility will be reduced as follows:

date of reduction	reduction at each date (in thousands of dollars)
On January 2:	
2001	$ 120,000
2002	160,000
2003	160,000
2004	160,000
2005	200,000

The credit facility requires that any additional senior debt (other than the bank loan described above) that is denominated in a foreign currency be hedged against foreign exchange fluctuations on a minimum of 50% of such additional senior borrowings in excess of the Canadian equivalent of US$25,000,000.

Borrowings under the credit facility are secured by the pledge of a senior bond issued under a deed of trust which is secured by substantially all the assets of Cantel and certain of its subsidiaries subject to certain exceptions and prior liens.

ii. Senior Secured Notes, due 2006

Cantel's $160,000,000 Senior Secured Notes mature on June 1, 2006. These notes are redeemable at Cantel's option, in whole or in part, at any time subject to a certain prepayment premium.

iii. Senior Secured Notes, due 2007

Cantel's US$275,000,000 Senior Secured Notes mature on October 1, 2007. These notes are redeemable at Cantel's option, in whole or in part, at any time on or after October 1, 2002, at 104.150% of the principal amount, declining ratably to 100% on or after October 1, 2005, plus in each case, interest accrued to the redemption date.

iv. Senior Secured Debentures, due 2008

Cantel's US$510,000,000 Senior Secured Debentures mature on June 1, 2008. These debentures are redeemable at Cantel's option, in whole or in part, at any time on or after June 1, 2003, at 104.688% of the principal amount, declining ratably to 100% of the principal amount on or after June 1, 2006, plus, in each case, interest accrued to the redemption date.

v. Senior Secured Debentures, due 2016

Cantel's US$175,000,000 Senior Secured Debentures mature on June 1, 2016. These debentures are redeemable at Cantel's option, in whole or in part, at any time subject to a certain prepayment premium.

Each of Cantel's senior secured notes and debentures described above is secured by the pledge of a senior bond which is secured by the same security as the security for the bank credit facility described in note 7(b)(i) above and ranks equally with the bank credit facility.

vi. Senior Subordinated Notes, due 2007

Cantel's US$215,000,000 Senior Subordinated Notes mature on October 1, 2007, and are redeemable at Cantel's option, in whole or in part, at any time on or after October 1, 2002, at 104.400% of the principal amount, declining ratably to 100% on or after October 1, 2005, plus, in each case, interest accrued to the redemption date. These subordinated notes are subordinated to all existing and future senior secured obligations of Cantel (including the bank loan, the senior notes and senior debentures) and are not secured by the pledge of a senior bond.

Interest is paid semi-annually on all of Cantel's senior secured note and debentures and senior subordinated notes.

c. Cablesystems

i. Bank loan

At December 31, 1998, no amount was outstanding (1997 – $68,000,000) under the Rogers Cablesystems Limited ("Cablesystems") loan agreement which provides for two separate credit facilities: (A) up to $600,000,000 senior secured revolving credit facility (the "Tranche A Credit Facility") and (B) up to $5,000,000 senior secured revolving credit facility (the "Tranche B Credit Facility" and, together with the Tranche A Credit Facility, the "Bank Facilities").

The Bank Facilities require, among other things, that Cablesystems satisfy certain financial covenants, including the maintenance of certain financial ratios. The interest rates charged on the Bank Facilities range from nil to 2¼% per annum over the bank prime rate or base rate or ¾% to 3% per annum over the bankers' acceptance rate or LIBOR.

The Bank Facilities are secured by the pledge of a senior bond issued under a deed of trust which is secured by substantially all of the assets of Cablesystems and the majority of Cablesystems' wholly owned subsidiary companies, subject to certain exceptions and prior liens. In addition, under the terms of an inter-creditor agreement, the proceeds of any enforcement of the security under the deed of trust will be applied first to repay any obligations outstanding under the Tranche A Credit Facility. Additional proceeds will be applied pro rata to repay all other obligations of Cablesystems secured by senior bonds, including the Tranche B Credit Facility and Cablesystems' senior secured notes and debentures.

RCI has also agreed to provide a guarantee of the Bank Facilities, with recourse limited to the pledge of shares of Cantel or other marketable securities having a value of at least $200,000,000.

The Bank Facilities are available on a fully revolving basis until January 1, 2000, at which time each will be converted to a reducing/revolving facility and the aggregate amount of credit available under the Bank Facilities will be reduced as follows:

date of reduction	reduction at each date (in thousands of dollars)
On January 1:	
2000	$ 29,645
2001	60,500
2002	60,500
2003	121,605
2004	151,250
2005	181,500

ii. Senior Secured Second Priority Notes, due 2002

Cablesystems' US$250,000,000 Senior Secured Second Priority Notes mature on August 1, 2002.

iii. Senior Secured Second Priority Notes, due 2005

Cablesystems' US$450,000,000 Senior Secured Second Priority Notes mature on March 15, 2005.

iv. Senior Secured Second Priority Debentures, due 2007

Cablesystems' US$150,000,000 Senior Secured Second Priority Debentures mature on December 1, 2007. The debentures are redeemable at the option of Cablesystems, in whole or in part, at any time on or after December 1, 2002, at 105% of the principal amount, declining ratably to 100% of the principal amount on or after December 1, 2005, plus, in each case, interest accrued to the redemption date.

v. Senior Secured Second Priority Debentures, due 2012

Cablesystems' US$200,000,000 Senior Secured Second Priority Debentures mature on September 1, 2012. The debentures are redeemable at the option of Cablesystems, in whole or in part, at any time on or after September 1, 2002, at 104% of the principal amount, declining ratably to 100% of the principal amount on or after September 1, 2006, plus, in each case, interest accrued to the redemption date.

vi. Senior Secured Second Priority Debentures, due 2014

Cablesystems' $300,000,000 Senior Secured Second Priority Debentures mature on January 15, 2014. The debentures are redeemable at the option of Cablesystems, in whole or in part, at any time on or after January 15, 2004, at 104.825% of the principal amount, declining ratably to 100% of the principal amount on or after January 15, 2008, plus, in each case, interest accrued to the redemption date.

Each of Cablesystems' senior secured notes and debentures described above is secured by the pledge of a senior bond which is secured by the same security as the security for Cablesystems' Bank Facilities described in note 7(c)(i) above and rank equally in regard to the proceeds of any enforcement of security with Cablesystems' Tranche B Credit Facility.

vii. Senior Subordinated Guaranteed Debentures, due 2015

Cablesystems' US$125,000,000 Senior Subordinated Guaranteed Debentures mature on December 1, 2015. The subordinated debentures are redeemable at the option of Cablesystems, in whole or in part, at any time on or after December 1, 2005, at 105.5% of the principal amount, declining ratably to 100% of the principal amount on or after December 1, 2009, plus, in each case, interest accrued to the redemption date. The subordinated debentures are subordinated in right of payment to all existing and future senior indebtedness of Cablesystems (including the Bank Facilities and the senior secured notes and debentures) and are not secured by the pledge of a senior bond.

viii. Senior Subordinated Notes, due 2000

Cablesystems' US$200,000,000 Senior Subordinated Notes were repaid in 1998. As a result, Cablesystems paid $7,726,000, representing a prepayment premium net of a gain from unwinding certain related cross-currency interest rate exchange agreements, and wrote off deferred financing costs of $989,000 and deferred foreign exchange of $574,000 resulting in a net loss on repayment of $9,289,000.

Interest is paid semi-annually on all of Cablesystems' senior secured notes and debentures and senior subordinated notes and debentures.

d. Media

Bank loan

At December 31, 1998, Rogers Media Inc. ("Media") had $9,000,000 (1997 – nil) outstanding under its $175,000,000 revolving bank credit facility.

The interest rates charged on this credit facility range from the bank prime rate to the bank prime rate plus 1% per annum and the bankers' acceptance rate plus ⅞% per annum to 1⅞% per annum. The credit facility requires, among other things, the maintenance of certain financial covenants.

The credit facility is secured by floating charge debentures over most of the assets of Media and certain of its subsidiaries, subject to certain exceptions.

In February 1998, Media entered into an agreement amending the credit facility, which, among other things, extended the term of the credit facility by two years.

As amended, the credit facility is available on a fully revolving basis and will be reduced as follows:

date of reduction	reduction at each date (in thousands of dollars)
On January 1:	
2001	$ 26,250
2002	35,000
2003	35,000
2004	35,000
2005	43,750

e. Interest exchange agreements

The Company has entered into a number of cross-currency interest rate exchange agreements in order to reduce the Company's exposure to changes in the exchange rate of the U.S. dollar as compared to the Canadian dollar. Total U.S. dollar denominated long-term debt at December 31, 1998, amounted to US$2,959,924,000 of which US$1,314,582,000 or 44.4% is hedged through cross-currency interest rate exchange agreements. The effect of these agreements is to convert the obligation to service U.S. dollar denominated debt in the amount of US$1,314,582,000, into Canadian dollar denominated debt at an average exchange rate of 1.3090 Canadian dollars to US$1.00.

The cross-currency interest rate exchange agreements have the effect of converting the interest rate on US$871,045,000 of long-term debt from an average U.S. dollar fixed interest rate of 9.61% per annum to an average floating interest rate equal to the bankers' acceptance rate plus 3.21% per annum, which totalled 8.38% at December 31, 1998. While this has the effect of converting $1,106,829,000 of fixed rate debt to floating rate debt, the Company has entered into a number of interest exchange agreements ranging in reference interest rates of 10.46% to 12.39% per annum and in maturity dates from January 1999 to August 2001. These interest exchange agreements have the effect of converting $360,000,000 of floating rate obligations of the Company to fixed interest rates based on the range specified above. For the remaining US$443,537,000 of the cross-currency interest rate exchange agreements, the interest rate has been converted from an average U.S. dollar fixed interest rate of 9.58% per annum to an average Canadian dollar fixed interest rate of 10.65% per annum. The total long-term debt at fixed interest rates at December 31, 1998, was $4,418,500,000 or 83.9% of total long-term debt.

The Company's effective weighted average interest rate on all long-term debt as at December 31, 1998, including the effect of the interest exchange agreements and cross-currency interest rate exchange agreements, was 9.43% (1997 – 9.34%).

The obligations under US$1,264,582,000 of the cross-currency interest rate exchange agreements and the interest exchange agreements are secured by substantially all of the assets of the respective subsidiary companies to which they relate and generally rank equally with the other secured indebtedness of such subsidiary companies.

f. Principal repayments

As at December 31, 1998, principal repayments due within each of the next five years on all long-term debt are as follows:

	(in thousands of dollars)
1999	$ 206,198
2000	2,557
2001	1,038
2002	323,075
2003	458
	533,326
Thereafter	4,720,718
	$ 5,254,044

The provisions of the long-term debt agreements described above impose, in most instances, restrictions on the operations and activities of the companies governed by these agreements. Generally, the most significant of these restrictions are debt incurrence and maintenance tests, restrictions upon additional investments, sales of assets and payment of dividends. In addition, the repayment dates of certain debt agreements accelerate if there is a change in control of the respective companies.

8. Capital stock

Rights and conditions

Preferred shares

There are 400,000,000 authorized preferred shares without par value, issuable in series, with rights and terms of each series to be fixed by the Board of Directors prior to the issue of such series.

The Series XVI Preferred shares were non-voting, cumulative and were redeemable at $10 per share at the option of the Company. These shares were redeemed by the Company in 1998.

The Series XVII Preferred shares were non-voting, cumulative and were redeemable at $10 per share at the option of the Company. These shares were redeemed by the Company in 1998.

The Series XX Preferred shares are non-voting, are redeemable at $20 per share after June 30, 1999, at the option of the Company, carry the right to cumulative preferential dividends at a rate equal to 5% per annum and are convertible into Class B Non-Voting shares at $24.75 per share. In addition, the Company must redeem the Series XX Preferred shares on June 30, 2004, at $20 per share in either cash or Class B Non-Voting shares.

The Series XXIII Preferred shares are non-voting, are redeemable at $1,000 per share at the option of the Company and carry the right to cumulative preferential dividends at a rate equal to the bank prime rate plus 1¾% per annum applied to the redemption value.

The Series XXV Preferred shares are non-voting, are redeemable at $1,000 per share at the option of the Company and carry the right to cumulative preferential dividends at a rate equal to 87.25% of the bank prime rate per annum applied to the redemption value.

The Series XXVI Preferred shares are non-voting, are redeemable at $1,000 per share at the option of the Company and carry the right to cumulative preferential dividends at a rate of 11⅛% per annum.

The Series XXVII Preferred shares are non-voting, are redeemable at $1,000 per share at the option of the Company and carry the right to cumulative preferential dividends at a rate equal to the bank prime rate plus 1¾% per annum.

The Series XXIX Preferred shares are non-voting, are redeemable at $1,000 per share at the option of the Company and carry the right to cumulative dividends at a rate equal to the bank prime rate plus 1¾% per annum.

The Series XXX Preferred shares are non-voting, are redeemable for $10,000,000 at the option of the Company and carry the rights to non-cumulative dividends at a rate of 9½% per annum.

The Series XXXI Preferred Shares are non-voting, are redeemable at $1,000 per share at the option of the Company with non-cumulative dividends at a rate of 9⅝% per annum.

The Series XXIII, XXVI, XXVII, XXIX, XXX and XXXI Preferred shares are held by subsidiaries of the Company. The Series XVI, XVII, XX and XXV Preferred shares are held or were held by companies controlled by the controlling shareholder of the Company. The Company has agreed that, among other things, the Company may satisfy the redemption price for the Series XXV Preferred shares by delivering promissory notes of General having an equivalent value to the preferred shares of the Company to be redeemed.

The Series B and E Convertible Preferred shares are non-voting and are redeemable and retractable under certain conditions. All of these shares are convertible at the option of the holder up to the mandatory date of redemption into Class B Non-Voting shares of the Company at a conversion rate equal to one Class B Non-Voting share for each share to be converted. These shares are entitled to receive, ratably with holders of the Class B Non-Voting shares, cash dividends per share in an amount equal to the cash dividends declared and paid per share on Class B Non-Voting shares.

There are 200,000,000 authorized Class A Voting shares without par value. The Class A Voting shares may receive a dividend at an annual rate of up to $0.05 per share only after the Class B Non-Voting shares have been paid a dividend at an annual rate of $0.05 per share. The Class A Voting shares are convertible on a one-for-one basis into Class B Non-Voting shares.

There are 1,400,000,000 authorized Class B Non-Voting shares with a par value of $1.62478 per share. The Class A Voting and Class B Non-Voting shares will share equally in dividends after payment of a dividend of $0.05 per share for each class.

Issued, at stated value

(In thousands of dollars)		1998	1997
Preferred shares:			
Held by companies controlled by the controlling shareholder of the Company:			
–	Series XVI (1997 – 9,624,866 shares)	$ –	$ 96,249
–	Series XVII (1997 – 3,375,134 shares)	–	33,751
13,500,000	Series XX	270,000	270,000
170,000	Series XXV	170,000	170,000
Held by subsidiary companies:			
105,500	Series XXIII	105,500	105,500
253,500	Series XXVI	253,500	253,500
150,500	Series XXVII	150,000	150,000
30,000	Series XXIX	30,000	30,000
818,300	Series XXX	10,000	–
300,000	Series XXXI	300,000	–
Held by members of the Company's share purchase plans:			
254,621	Series B (1997 – 313,674 shares)	3,208	3,952
–	Series C (1997 – 13,098 shares)	–	168
190,670	Series E (1997 – 234,570 shares)	3,260	4,011
Common shares:			
56,240,494	Class A Voting shares	72,320	72,320
232,794,445	Class B Non-Voting shares (1997 – 232,638,978 shares) of which 110,340,680 are held by subsidiary companies	378,240	377,987
		1,746,028	1,567,438
Deduct:			
Amounts receivable from employees under certain share purchase plans, including $2,204 from officers (1997 – $2,243)		6,056	7,548
The cost of Class B Non-Voting shares of the Company held by subsidiary companies		453,800	453,800
Preferred shares of the Company held by subsidiary companies		849,000	539,000
		$ 437,172	$ 567,090

a. At December 31, 1998, there were options outstanding to employees and directors of the Company to purchase 12,950,150 Class B Non-Voting shares at prices ranging from $5.78 to $19.375 per share. These options expire at varying dates from 2004 to 2009.

b. During 1998, the Company completed the following capital stock transactions.

i. All of the issued and outstanding Series XVI and XVII Preferred shares were redeemed for $130,000,000;

ii. 818,300 Series XXX Preferred shares were issued to a subsidiary company for $10,000,000;

iii. 300,000 Series XXXI Preferred shares were issued to a subsidiary company for $300,000,000;

iv. 44,936 Series B, 13,098 Series C and 33,752 Series E Convertible Preferred shares held by trustees of the Company's share purchase plans and relating to former employees of due company were cancelled. The capital stock account has been reduced by $566,000, $168,000 and $577,000 respectively;

v. 12,900 Series B and 10,148 Series E Convertible Preferred shares were redeemed for $163,000 and $174,000, respectively;

vi. 1,217 Series B Convertible Preferred shares were converted to 1,217 Class B Non-Voting shares with a value of $15,000; and

vii. 154,250 Class B Non-Voting shares were issued to employees upon the exercise of options for cash of $1,240,000.

As a result of the above transactions, $1,002,000 of the issued amounts related to the Class B Non-Voting shares was recorded in contributed surplus.

c. During 1997, the Company completed the following capital stock transactions:

i. 300,000 Series XXVIII Preferred shares were purchased from a subsidiary company for cancellation for $300,000,000;

ii. 30,000 Series XXIX Preferred shares were issued to a subsidiary company for $30,000,000;

iii. 247 Series B Convertible Preferred shares were converted to 247 Class B Non-Voting shares with a value of $3,000;

iv. 18,624 Series B, 4,035 Series C and 17,124 Series E Convertible Preferred shares were redeemed for $579,000;

v. 67,891 Series B, 34,236 Series C, and 39,401 Series E Convertible Preferred shares held by trustees of the Company's share purchase plans and relating to former employees of the Company were cancelled. The capital stock account has been reduced by $855,000, $439,000 and $674,000, respectively; and

vi. 334,535 Class B Non-Voting shares were issued to employees pursuant to Employee Share Purchase Plans for cash of $2,693,000.

As a result of the above transactions, $2,153,000 of the issued amounts related to the Class B Non-Voting shares was recorded in contributed surplus.

d. The Articles of Continuance of the Company under the Company Act (British Columbia) impose restrictions on the transfer, voting and issue of the Class A Voting and Class B Non-Voting shares in order to ensure that the Company remains qualified to hold or obtain licences required to carry on certain of its business undertakings in Canada.

The Company is authorized to refuse to register transfers of any shares of the Company to any person who is not a Canadian in order to ensure that the Company remains qualified to hold the licences referred to above.

5. Provision for restructuring and asset writedowns

In 1997, the Company completed its annual review of the carrying value of certain assets and developed and implemented a program to reduce operating costs and improve subscriber retention at its Wireless operations. As a result, the Company recorded a provision for restructuring and asset writedowns comprised of the following:

(In thousands of dollars)	1997
(a) Provision for restructuring of Wireless	$ 33,000
(b) Writedown of carrying value of certain fixed assets, goodwill and deferred costs	175,615
(c) Write-off of deferred subscriber telephone costs	185,700
	$ 394,315

Of this amount, $335,315,000 related to Wireless and $59,000,000 related to Cablesystems.

a. The restructuring provision included amounts principally for severance and lease and other contract cancellation costs. The Company expects to complete the restructuring program by June 30, 1999, at which time the remainder of the provision, totaling $7,000,000, will be utilized.

b. As a result of increased competition in wireless communications, the reduced technological life of certain cable television and wireless communications fixed assets and the need to rationalize certain facilities, the recoverability of the carrying value of certain assets from future cash flows was less certain than was previously the case. Therefore, the Company wrote down the carrying value of certain fixed assets by $115,515,000, the goodwill related to its paging operations by $21,100,000 and other related deferred costs by $39,000,000.

c. Until December 31, 1997, the Company was deferring certain subscriber telephone costs and amortizing these costs over the term of the subscriber contracts. As a result of trends in the wireless communications industry, the Company determined that the recovery in future periods of these deferred subscriber telephone costs was less certain and therefore it was more appropriate to expense subscriber telephone costs in the period in which they are incurred. Accordingly, the Company wrote off the balance of deferred subscriber telephone costs as at December 31, 1997, in the amount of $148,700,000. As of January 1, 1998, the Company expenses the costs of subscriber telephones as incurred. In addition, the Company recorded a provision for the replacement of certain subscriber telephones in the amount of $37,000,000.

10. Income taxes

Total income tax expense varies from the amounts that would be computed by applying the effective income tax rate to the loss before income taxes and discontinued operations for the following reasons:

(In thousands of dollars)	1998	1997
Effective income tax rate	44.5%	44.5%
Effective income tax expense (recovery) on the loss before income taxes	$ 278,244	$ (275,907)
Increase (decrease) results from:		
Effect of losses of subsidiaries, the tax effect of which has not been recorded	35,315	146,722
Utilization of losses carried forward not previously recorded	(273,370)	(7,395)
Large corporations tax	8,950	8,924
Non-deductible depreciation and amortization	27,205	21,345
Non-deductible long-term debt repayment costs	8,324	16,533
Non-taxable portion of gain on sale	(97,709)	–
Asset writedowns not recognized for tax purposes	–	9,284
Other items	3,540	(66)
Actual income tax	$ (9,501)	$ (80,560)

As at December 31, 1998, the Company has approximately the following amounts available to reduce future years' income for income tax purposes, the tax effect of which has not been recorded in the accounts:

Income tax losses expiring in the year ending December 31:

(In thousands of dollars)	
1999	$ 120,000
2000	77,400
2001	72,500
2002	70,900
2003	11,700
2004	255,500
2005	118,500
	726,500
Plus depreciation and other expenditures claimed for accounting purposes in excess of amounts recorded for income tax	100,900
	$ 827,400

11. Earnings (loss) per share

Basic earnings (loss) per share amounts have been calculated based on the weighted average number of Class A Voting and Class B Non-Voting shares outstanding during the year after giving effect to the ownership of the Company's Class B Non-Voting shares by subsidiary companies and after deducting dividends on the preferred shares.

Fully diluted earnings per share have been calculated based on the weighted average number of Class A Voting and Class B Non-Voting shares determined above, adjusted to reflect the conversion into Class B Non-Voting shares of the Company's convertible debentures and convertible preferred shares, and the exercise of employee and director share purchase options. In 1997, fully diluted earnings per share are not disclosed as they were anti-dilutive.

12. Pensions

The Company maintains both contributory and non-contributory defined benefit pension plans which cover most of its employees. The plans provide pensions based on years of service, years of contributions and earnings.

Actuarial estimates prepared as at December 31, 1998, were based on projections of employees' compensation levels to the time of retirement and indicate the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market, are as follows:

(In thousands of dollars)	1998	1997
Pension fund assets	$ 338,214	$ 333,374
Accrued pension benefits	195,470	181,399

Pension expense for 1998 was nil (1997 – $283,000).

13. Segmented information

The Company provides wireless services, cable services, and through a media group, radio and television broadcasting and the publication of magazines and periodicals. All of these operating segments are substantially in Canada. The operating results of the Company's local telecommunications service provider, which was sold in 1998 (note 2 (b)(i)) have been included under the caption "Corporate items and eliminations" in the tables below for 1998 and 1997. Information by operating segment is as follows:

year ended december 31, 1998 (in thousands of dollars)	wireless	cablesystems	media	corporate items and eliminations	consolidated totals
Revenue	$ 1,242,925	$ 1,027,037	$ 538,164	$ 31,103	$ 2,839,229
Operating, general and administrative expenses	847,783	628,348	472,459	35,540	1,984,130
Operating income (loss) before the undernoted	395,142	398,689	65,705	(4,437)	855,099
Management fees	9,520	20,725	8,188	(38,433)	–
Depreciation and amortization	274,264	244,952	15,096	35,279	569,591
Operating income (loss)	111,358	133,012	42,421	(1,283)	285,508
Interest expense:					
Third party	170,677	220,632	–	133,428	524,737
Intercompany	14,749	11,303	(14,807)	(11,245)	–
Gain on sale of assets and investments	–	(140,937)	(30,139)	(703,564)	(874,640)
Other items, net	(42)	11,451	76	(1,342)	10,143
Income tax expense (recovery)	4,529	(40,234)	1,103	25,101	(9,501)
Net income (loss) for the year	$ (78,555)	$ 70,797	$ 86,188	$ 556,339	$ 634,769
Capital expenditures	$ 301,287	$ 310,278	$ 10,309	$ 36,605	$ 658,479
Identifiable assets	$ 2,023,813	$ 2,655,679	$ 347,796	$ 1,357,565	$ 6,384,853

year ended december 31, 1997 (in thousands of dollars)	wireless	cablesystems	media	corporate items and eliminations	consolidated totals
Revenue	$ 1,241,329	$ 944,820	$ 452,930	$ 56,243	$ 2,695,322
Operating, general and administrative expenses	845,668	583,774	398,854	52,914	1,881,210
Operating income (loss) before the undernoted	395,661	361,046	54,076	3,329	814,112
Management fees	9,204	19,000	7,228	(35,432)	–
Provision for restructuring and asset writedowns	335,315	59,000	–	–	394,315
Depreciation and amortization	255,958	206,235	14,680	35,775	512,648
Operating income (loss)	(204,816)	76,811	32,168	2,986	(92,851)
Interest expense:					
Third party	130,505	214,364	2,637	135,028	482,534
Intercompany	7,750	21,871	(14,508)	(15,113)	–
Other items, net	31,247	1,397	(2,114)	14,100	44,630
Income tax expense (recovery)	4,116	(79,815)	277	(5,138)	(80,560)
Net income (loss) for the year	$ (378,434)	$ (81,006)	$ 45,876	$ (125,891)	$ (539,455)
Capital expenditures	$ 604,675	$ 295,778	$ 8,624	$ 70,845	$ 979,922
Identifiable assets	$ 1,956,126	$ 2,583,720	$ 355,950	$ 1,251,219	$ 6,147,015

14. Financial instruments

a. Fair values

The Company has determined the fair values of its financial instruments as follows:

i. Accounts receivable, amounts receivable from employees under share purchase plans, miscellaneous mortgages and loans receivable, bank advances, accounts payable and accrued liabilities, foreign exchange option agreements and foreign exchange forward contracts

The carrying amounts in the consolidated balance sheets approximate fair value because of the short-term nature of these instruments.

ii. Portfolio investments

The fair values of portfolio investments are determined by the closing market values for each of the investments (note 4).

iii. Other investments

The fair values of other investments, including the investment in notes receivable from General, approximate their carrying amounts.

iv. Long-term debt

The fair values of each of the Company's long-term debt instruments are based on the current trading values.

v. Interest exchange agreements

The fair values of the Company's interest exchange agreements and cross-currency interest rate exchange agreements are based on values quoted by the counterparties to the agreements.

The estimated fair values of the Company's long-term debt and related interest exchange agreements as at December 31, 1998 and 1997 are as follows:

	1998		1997	
(in thousands of dollars)	carrying amount	estimated fair value	carrying amount	estimated fair value
Long-term debt	$ 5,545,228	$ 5,822,058	$ 5,777,598	$ 5,997,370
Interest exchange agreements	–	27,151	–	52,776
Cross-currency interest rate exchange agreements	(291,184)	(375,667)	(194,245)	(208,115)
	$ 5,254,044	$ 5,473,542	$ 5,583,353	$ 5,842,031

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

b. Other disclosures

i. The credit risk of the interest exchange agreements and cross-currency interest rate exchange agreements arises from the possibility that the counterparties to the agreements may default on their obligations under the agreements in instances where the agreements have positive fair value to the Company. The Company assesses the creditworthiness of the counterparties in order to minimize the risk of counterparty default under the agreements. All of the portfolio is held by financial institutions with a Standard & Poor's rating (or the equivalent) of AA.

ii. The Company does not require collateral or other security to support the credit risk associated with the interest exchange agreements and cross-currency interest rate exchange agreements due to the Company's assessment of the creditworthiness of the counterparties.

iii. The Company does not have any significant concentrations of credit risk related to any financial asset.

15. Commitments

The future minimum lease payments under operating leases for the rental of premises, distribution facilities, equipment and microwave towers at December 31, 1998 are as follows:

(In thousands of dollars)

Year ending December 31:	
1999	$ 116,585
2000	91,099
2001	83,310
2002	74,327
2003	63,088
2004 and thereafter	83,542
	$ 511,951

Rent expense for 1998 amounted to $113,526,000 (1997 – $117,411,000).

16. Contingent liabilities

a. Cantel has been named as a co-defendant in a $62,000,000 lawsuit brought on by a distributor of electronic equipment, alleging that the defendants pursued predatory pricing policies in contravention of competition legislation. Management is defending this claim and believes it is without merit.

There exist certain other legal actions against the Company, none of which is expected to have a material adverse effect on the consolidated financial position of the Company.

b. The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which would affect the Company's ability to conduct normal business operations. The Company has developed and is implementing a process involving a phased approach designed to mitigate the expected effects of the Year 2000 issue on the Company. The phases of the plan, which address the Year 2000 readiness of the Company's computer systems, and of third parties, such as customers, suppliers and others, include inventory assessment, triage, repair, testing and implementation. As at December 31, 1998, the Company has commenced all phases of the plan which are intended to modify, retire or replace computer systems identified to date which are not Year 2000 ready. However, it is not possible to be certain that all aspects of the Year 2000 issue affecting the company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

17. Canadian and United States accounting policy differences

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied in Canada. In the following respects, GAAP as applied in the United States differs from that applied in Canada.

If United States GAAP were employed, the income (loss) in each year would be adjusted as follows:

(In thousands of dollars, except per share amounts)	1998	1997
Income (loss) for the year based on Canadian GAAP	$ 634,769	$ (539,455)
Amortization of intangible assets (a)	(14,789)	(15,331)
Foreign exchange gain (loss) (b)	(181,337)	(107,895)
Gain on sale of cable systems (c)	(3,716)	(3,716)
Loss on early repayment of long-term debt (d)	18,648	37,318
Year 2000 costs capitalized (e)	(15,840)	(739)
Other	(5,382)	14,925
Income tax effect of adjustments	6,325	(2,045)
Income (loss) for the year based on United States GAAP	$ 438,678	$ (616,938)
Comprised of the following:		
Income (loss) before extraordinary items	$ 444,607	$ (593,400)
Extraordinary items (d)	(5,929)	(23,538)
	$ 438,678	$ (616,938)
Earnings (loss) per share based on United States GAAP:		
Basic:		
Before extraordinary items	$ 2.32	$ (3.48)
After extraordinary items	2.29	(3.61)
Fully diluted:		
Before extraordinary items	2.14	–
After extraordinary items	2.11	–

The cumulative effect of these adjustments on the consolidated shareholders' deficiency of the Company is as follows:

(In thousands of dollars)	1998	1997
Shareholders' deficiency based on Canadian GAAP	$ (41,525)	$ (517,423)
Amortization of intangible assets (a)	(173,251)	(158,462)
Foreign exchange loss (b)	(324,932)	(162,243)
Gain on sale of cable systems (c)	87,527	89,961
Year 2000 costs capitalized (e)	(13,467)	(410)
Capital stock (f) 58	(3,973)	(6,110)
Preferred shares (g) 61	(270,000)	(270,000)
Unrealized holding gain on investments (h) FAS115	7,850	42,919
Other	(19,642)	(16,521)
Shareholders' deficiency based on United States GAAP	$ (751,413)	$ (998,289)

The areas of material difference between Canadian and United States GAAP and their impact on the consolidated financial statements of the Company are described below:

a. Amortization of intangible assets

Under Canadian GAAP, the Company is amortizing the cost of subscribers and licences using an increasing charge method over forty years. Under United States GAAP, the Company is amortizing the cost of subscribers over forty years on a straight line basis.

b. Foreign exchange

United States GAAP requires that gains and losses on foreign exchange resulting from the translation of long-term debt denominated in U.S. dollars be charged to income and expense when incurred. Canadian GAAP requires the amortization of foreign exchange gains or losses over the remaining life of the long-term debt.

c. Gain on sale of cable television systems

Under Canadian GAAP, the after-tax gain arising on the sale of certain of the Company's cable television systems in 1994 was recorded as a reduction of the carrying value of subscribers acquired in a contemporaneous acquisition of certain cable television systems. Under United States GAAP, the Company included the gain on sale of the cable television systems in income, net of related deferred income taxes. As a result, amortization expense under United States GAAP is increased in subsequent years.

d. Loss on early repayment of long-term debt

Under United States. GAAP, the loss on early repayment of long-term debt in 1998 would be reduced by the write-off of deferred foreign exchange loss in the amount of $18,648,000 (1997 – $37,318,000). In addition, the loss, net of related income taxes, would be classified as an extraordinary item for United States. GAAP purposes.

e. Year 2000 costs capitalized

Under Canadian GAAP, the Company is capitalizing the costs incurred to modify its computer systems to ensure that these systems continue to operate beyond the year 2000. Under United States GAAP, certain of these costs are expensed as incurred.

f. Capital stock

United States GAAP requires that loans receivable from employees relating to share purchases be presented in the consolidated balance sheet as a deduction from capital stock. Canadian GAAP permits these amounts to be shown as assets in certain circumstances.

United States GAAP requires the disclosure of the liquidation preference of capital stock. All series of preferred shares of the Company share equally in the distribution of assets upon liquidation, in priority to the Class A Voting and Class B Non-Voting shares.

g. Preferred shares

Pursuant to the regulations of the United States Securities and Exchange Commission, the Series XX Preferred shares of the Company, which have a mandatory redemption requirement, may not be classified as part of shareholders' equity.

h. Unrealized holding gain on investments

United States GAAP requires that certain investments in equity securities that have a readily determinable fair value be recorded in the consolidated balance sheet at their fair value. The unrealized holding gains and losses from these investments, which are considered to be "available-for-sale securities" under United States GAAP, are included as a separate component of shareholders' equity and comprehensive income, net of related deferred income taxes.

i. Stock-based compensation

The Company measures compensation expense relating to employee stock option plans for United States GAAP purposes using the intrinsic value method as specified by APB Opinion 25, which is not materially different from compensation expense determined under Canadian GAAP.

j. Operating income before depreciation and amortization

United States GAAP requires that the provision for restructuring and asset writedowns and depreciation and amortization be included in the determination of operating income and does not permit the disclosure of a subtotal of the amount of operating income before these items. Canadian GAAP permits the disclosure of a subtotal of the amount of operating income before these items.

k. Income taxes

United States GAAP requires that deferred income taxes be accounted for under the liability method, whereas Canadian GAAP requires the use of the deferral method. The difference between these two methods does not have a material effect on the amount of deferred income taxes in the consolidated financial statements.

The Company has incurred losses for income tax purposes in the amount of approximately $827,400,000 at December 31, 1998, which, if they had been accounted for, would give rise to a deferred income tax asset of approximately $368,200,000. United States GAAP requires that in order to record this deferred income tax asset, the realization of these timing differences must be more likely than not. The Company is not certain whether realization is more likely than not and therefore has recorded a valuation allowance against this deferred income tax asset. Under Canadian GAAP, the Company must be virtually certain of the realization of these timing differences in order to record the deferred income tax asset. This condition of virtual certainty does not exist and, therefore, the deferred income tax asset has not been recorded.

l. Statements of changes in financial position

United States GAAP requires certain additional disclosures with respect to the consolidated statements of changes in financial position as follows:

i. Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operations before changes in non-cash working capital items in the consolidated statements of changes in financial position. United States GAAP does not permit this subtotal to be included.

ii. United States GAAP requires that the amount of interest and taxes paid during each fiscal period be disclosed. There is no requirement to disclose this information under Canadian GAAP. The amounts of interest and taxes paid in 1998 amounted to $562,948,000 and $23,888,000, respectively (1997 – $444,008,000 and $23,061,000, respectively).

iii. Under United States GAAP, the non-cash portion of the proceeds received on the sale in 1998 of Rogers Telecom Inc. in the amount of $450,000,000 and the sales in 1997 of the hotel pay television business and satellite uplink service in the amount of $13,071,000 would not be included in the statements of changes in financial position as a source of funds from the disposal of these assets or as a use of funds for the acquisition of the related other investments. In addition, the decrease in 1998 in the investment in General would not be included as a source of funds from investing activities or as a use of funds from financing activities. The total cash provided by investing activities and the total cash used by financing activities would each be reduced by $130,000,000 in 1998. The amounts for 1997 would be unchanged.

iv. Canadian GAAP permits bank advances to be included in the determination of cash or cash equivalents in the consolidated statements of changes in financial position. United States GAAP requires that bank advances be reported as financing cash flows. As a result, under United States GAAP, the change in bank advances in the amount of $9,916,000 in 1998 (1997 – $11,299,000) reflected on the consolidated statements of changes in financial position would be reported as a cash flow under the heading "Financing" in the statements.

m. Statement of comprehensive income

United States GAAP requires the disclosure of a Statement of Comprehensive Income. Comprehensive income generally encompasses all changes in shareholders' equity except those arising from transactions with shareholders.

(in thousands of dollars)	1998	1997
Income (loss) for the year based on United States GAAP	$ 438,678	$ (616,938)
Other comprehensive income, net of tax:		
Unrealized holding gains arising during the year	65,570	42,919
Realized gains included in income	(100,639)	–
Comprehensive income (loss) for the year based United States GAAP	$ 403,609	$ (574,019)

n. Recent accounting pronouncements

The Financial Accounting Standards Board ("FASB") in the United States has issued pronouncements entitled "Reporting Comprehensive Income", "Disclosures About Segments of an Enterprise and Related Information" and "Employers' Disclosures about Pensions and Other Post-retirement Benefits", all of which are effective for the year ended December 31, 1998. The adoption of these pronouncements has resulted in certain additional disclosures in these consolidated financial statements.

The FASB has also issued a pronouncement entitled "Accounting for Derivative Instruments and Hedging Activities" which the Company is required to adopt in the year ending December 31, 2000. The Company has not determined the impact of this pronouncement on its consolidated financial statements.

The American Institute of Certified Public Accountants has issued Statements of Position entitled "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" and "Reporting the Costs of Start-up Activities" which the Company is required to adopt in the year ending December 31, 1999. The Company does not expect that the adoption of these pronouncements will have a material impact on its consolidated financial statements.

Corporate Commitments

Rogers recognizes that a business is an intrinsic part of the communities in which it operates. For this reason, we are committed to providing worthwhile opportunities to our customers, shareholders and employees, as well as to enhancing the quality of life in the communities where we do business.

For our customers, **we are committed to earning their respect and loyalty. We work hard to provide reliable, personalized service and to be the front-runner in delivering innovative products, which provide good value.**

For our shareholders, **we are committed to enhancing the value of their investment through continuous improvement of a fundamentally sound organization that has the vision, the infrastructure and the people required to excel in the competitive communications industry.**

For our employees, **we are committed to providing a rewarding work life that ensures equal opportunity, recognizes individual achievement, fosters team spirit and provides competitive compensation. Education, training and career development are all high priorities at Rogers and are anchored by formal programmes and initiatives that ensure Rogers employees have ample opportunity to both improve their skills and progress in the organization.**

For our communities across Canada

Since 1989, Rogers Communications Inc. has been designated a "Caring Company" by the Canadian Centre for Philanthropy. We have continued our commitment to earning the goodwill of the communities we serve. Our support ranges from national initiatives to grassroots charities. We participate both as a corporate entity, providing funding and creative applications of our technological resources, and through the individual efforts of our employees.

Rogers is committed to supporting Canadian expression. We are particularly dedicated to assisting the Canadian television and film industry and have sponsored major film and television festivals in Toronto, Vancouver and Banff, donating funding, communication services and personnel. Rogers Telefund, for the past 19 years, has contributed extensively to the production of quality Canadian television programming by providing highly valued interim financing. For the visual arts, the Company has sponsored major exhibitions in both Toronto and Vancouver. Rogers also supports the journalism and literary arts communities. For example, through our partnership with the Canadian Conference of the Arts, Rogers continues to recognize and reward innovative production of arts journalism programming in French and English language – each year honouring a deserving individual with the Rogers Communications Inc.'s Media Award for Coverage of the Arts. Most recently we established the Rogers Communications Writers' Trust Fiction Prize. Each year, a jury from the literary community will select and award a Canadian author a cash prize of $10,000 for the best work in fiction.

Rogers is committed to the social well-being of Canadians. We are strong supporters of the United Way and have provided both cash and resources to local chapters in virtually every community where we do business. Our commitment is further strengthened by the dedication and personal contribution our employees make year after year to United Way campaigns organized throughout all our companies. We applaud their response to this broad community cause and will continue to support their commitment.

Rogers also extends its caring for communities by developing and providing its own innovative programmes. Each Halloween employees take part in our Pumpkin Patrol initiative, patrolling our streets in Cablesystems trucks to help make the night safer for young ghosts and goblins. As well, throughout Western Canada and Ontario, children in hospitals are visited by Rogers Video Jolly Trolleys that are full of donated videos to help make them laugh. Through Cable in the Classroom, Rogers provides complimentary cable service and specially packaged educational programmes to schools within its licensed areas. Also on the education front, Cablesystems, through its Rogers@school programme, provides high-speed cable modem access to students in over 50 Ontario schools as well as to Point Grey Mini School in Vancouver. Wireless offers a 'charity phone loan' program which provides cellular phones to worthwhile community activities.

In early 1998, Rogers Cantel, working with Ericsson Communications Inc. and the Ontario government, launched a pilot project, SupportLink, to provide up to 300 wireless phones to victims in Ottawa and Barrie who are identified as being at high risk of domestic violence, sexual assault or stalking. The phones, provided with one-button access to 911, are programmed to send out emergency calls only.

On September 2, 1998, Swissair Flight 111 crashed off the shores of Peggy's Cove, Nova Scotia. In the wake of this disaster, Rogers Cantel employees were, again, quick to respond in aiding rescue efforts. With the arrival of investigators, emergency officials, technicians, and victims' family members, there was an immediate need to expand the capacity of the communications infrastructure in the area. Rogers Cantel crews worked around the clock to meet this need. Network crews opened additional channels at existing sites and set up a temporary cell site at Peggy's Cove itself. Rogers Cantel employees worked closely with other carriers to provide co-location sites, shared power and additional channel capacity – succeeding in tripling the communications capacity of the network in the Peggy's Cove Halifax airport areas.

As part of a national program responding to the increased need of local food banks over the holiday season, Rogers Cablesystems made a cash donation of $40,000 to local food banks across Ontario and British Columbia, allowing them to purchase over 22,000 pounds of food. In addition to the cash donation, non-perishable food items were donated by over 3,200 Rogers employees across Vancouver, Toronto, Mississauga, Newmarket, Oshawa, Collingwood, Owen Sound, London, Kitchener and Ottawa. As well, the Rogers Community TV provided local coverage to build awareness for the enormous job that food banks do in Canadian communities.

Like our employees, Rogers is intensely aware of the importance of our stakeholders and the communities where we operate. In closing, we wish to extend our gratitude to our customers, to our shareholders – and again to our employees – for the roles they play in Rogers' success.

The Board of Directors of the Company (the "Board") believes that sound corporate governance practices ("Corporate Governance Practices") are important to the proper functioning of the Company and the enhancement of the interest of its shareholders and that these practices should be reviewed regularly to ensure that they are appropriate. A description of the Company's Corporate Governance Practices is set out below. This statement of Corporate Governance Practices was prepared by the Nominating and Corporate Governance Committee of the Board and approved by the Board.

The by-laws of The Toronto Stock Exchange and a policy statement of the Montreal Exchange require that this statement of Corporate Governance Practices relate the Corporate Governance Practices of the Board to the "Guidelines for Improved Corporate Governance" contained in the December 1994 report of The Toronto Stock Exchange Committee on Corporate Governance in Canada (the "TSE Report"). The headings which appear below address the principal matters relating to the Company's Corporate Governance Practices in the context of the Guidelines in the TSE Report.

In this statement, the term "unrelated director" has the meaning given to it in the TSE Report – a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Company, other than interests arising from shareholding. The term "related director" means a director who is not an unrelated director.

For the purposes of the TSE Report, a director is classified as "related" or "unrelated" for all purposes, irrespective of the particular matter before the Board and the nature of the relationship of the director to the Company.

Mandate of the Board

The Board has explicitly assumed responsibility for the stewardship of the Company including the matters specifically referred to in the TSE Report. The Board discharges its responsibilities either directly or through its committees. There were eight regularly scheduled Board meetings during 1998, together with three additional meetings of the full Board. Six meetings of the Board are currently scheduled for 1999. In addition, it is planned that during two of these meetings, the Board is to meet without members of management being present.

The frequency of Board meetings as well as the nature of agenda items may change depending on developments in the Company's affairs.

Composition of the Board

The Board is composed of 15 members, of whom only three are members of the Company's management. The Board believes 10 directors are unrelated directors and the remainder (including the three directors who are members of management) are related directors, within the definitions in the TSE Report. Accordingly, the Board is constituted with a majority of individuals who qualify as unrelated directors, within the meaning of the TSE Report. In deciding whether a particular director is a related director or an unrelated director, the Board examined the factual circumstances of each director's relationship to management and the Company and considered them in the context of many factors, including the broad definitions in the TSE Report.

Reflection of Interests of Shareholders in Board Composition

The Company is controlled by Mr. Edward S. Rogers, O.C., the President and Chief Executive Officer and a director of the Company, who, directly or indirectly, owns approximately 90.89% of the voting shares and approximately 35.92% of the total outstanding number of common shares of the Company and is a "significant shareholder" of the Company within the meaning of that term in the TSE Report. Loretta A. Rogers, an unrelated director of the Company, is the wife of Mr. Rogers. Edward Rogers, a related director who is a member of management, is the son of Mr. Rogers.

The Board believes that eight of the unrelated directors do not have any interests in or relationships with either the Company or the significant shareholder or any of its affiliates.

The Board considers that the current composition of the Board is appropriate given the structure and ownership of the Company's share capital and that these eight directors unrelated to the company do ensure that the views of shareholders other than the significant shareholder are brought to the Board. The Board also believes that the composition of the full Board which includes 12 directors who are not part of the management of the Company and the other Corporate Governance Practices that the directors have adopted also serve this purpose. Such practices include planned sessions during meetings of the Board without directors and officers who are members of management being present and the establishment of the Nominating and Corporate Governance Committee and the other committees of the Board and their respective mandates.

The Board considers that it is not in the best interest of the shareholders of the Company either to increase the size of the Board or, alternatively, to reduce the number of the directors who are related to the significant shareholder or its affiliates. The Board is of the opinion that all of the directors on the Board carry out their duties objectively with a view to the best interest of the Company as a whole and make a valuable contribution to the Board and the Company for the benefit of all the shareholders including shareholders other than the significant shareholder.

Independence from Management

Mr. Edward S. Rogers, O.C, is the President and Chief Executive Officer of the Company and serves as a director. Mr. H. Garfield Emerson, Q.C., is the Chairman of the Board and has the responsibility to ensure that the Board discharges its responsibilities. The Chairman is not a member of the Company's management. The Chairman oversees the preparation of the agenda for each Board meeting and ensures that an extensive information package is sent to each director in advance of the meeting.

Board Committees

The Board has six committees: the Audit Committee, the Management Compensation Committee, the Pension Committee, the Executive Committee, the Nominating and Corporate Governance Committee, and the Strategic Planning Advisory Committee. From time to time special purpose committees of the Board are appointed to deal with particular matters. In the past special committees of the Board composed entirely of directors who are unrelated to the Company and to the significant shareholder have been appointed to consider and if thought fit, approve material transactions, and transactions out of the ordinary course of business between the Company and affiliates of the Company.

Audit Committee

The Audit Committee is composed of a majority of unrelated directors and does not include any members of management. The committee is responsible for approving the Company's interim unaudited financial statements and reviewing the Company's financial reporting procedures, internal controls and information systems and the performance of the Company's external auditors. The committee is also responsible for reviewing, and recommending for approval, the annual financial statements prior to their approval by the full Board. During 1997 and 1998, the Audit Committee also supervised and monitored the Company's processes to deal with Year 2000 computer and software issues. The Audit Committee met four times in 1998. Its members were Messrs. Wansbrough, Besse, Emerson, Korthals, Peterson, Stewart and Wilson. Mr. Korthals is the Chairman of the Audit Committee.

Management Compensation Committee

The Management Compensation Committee is composed of a majority of unrelated directors. The committee approves, among other things, the compensation of senior executives and other employees above specified remuneration levels. The committee also reviews the Company's succession plans for its senior executives. The committee met four times in 1998. Its members were Messrs. Besse, Emerson, Gnat, Hull, Korthals, and Tory. Mr. Phelps resigned as Director on March 9, 1998. Mr. Hull is Chairman of the Management Compensation Committee.

Pension Committee

The Pension Committee is composed of a majority of unrelated directors and reviews the provisions of the pension plan and the investment performance of the pension plan. The committee held five meetings in 1998. Its members were Messrs. Gnat, Hull and Wilson. Mr. Robert Smith was a member of the committee representing Rogers Cantel Mobile Communications Inc. Mr. Hull retired on May 25, 1998 and was replaced by Mr. Besse. Mr. Wansbrough is the Chairman of the Pension Committee.

Executive Committee

The Executive Committee is composed of a majority of related directors, and includes two members of management. The Executive Committee has delegated to it all of the powers that may be delegated to an Executive Committee under the Company's incorporating statute, being the Company Act of British Columbia. The committee met one time in 1998. Its members were Messrs. Emerson, Hull, Edward S. Rogers, Edward Rogers, Wansborough and Tory. Mr. Emerson is the Chairman of the Executive Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of an equal number of related and unrelated directors, including only one member of management. It is responsible for making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board. The committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination for election to the Board, for providing an orientation program for new directors and for evaluating the performance of the Board as a whole, its committees and the contribution of each individual director. The committee held four meetings in 1998. Its members were Messrs. Emerson, Gnat, Gray, Hull, Rogers and Tory. Mr. Gray retired on May 25, 1998. Mr. Emerson is Chairman of the Nominating and Corporate Governance Committee.

Strategic Planning Advisory Committee

Following a recommendation from the Board, the Strategic Planning Advisory Committee was established in 1996 and is composed of a majority of unrelated directors. The committee reviews with management the strategic planning process of the Company principally in the areas of industry developments, and financing, and reports thereon to the full Board. The Committee's functions are advisory and all strategic planning issues are decided by the full Board. The members of the Committee are Messrs. Edward S. Rogers, Edward Rogers, Emerson, Korthals, Tory, Wansbrough and Wilson. The Committee met four times in 1998. Mr. Gray retired on May 25, 1998. Mr. John Ricketts represents Rogers Cantel Mobile Communications Inc. and Mr. Alexander Mikalachki represents Rogers Cablesystems Limited on this Committee.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the Board, management is also required to seek Board approval for any unbudgeted expenditure in excess of $5 million. Management is also required to obtain Board approval before entering into any major strategic initiative or any venture which is outside the Company's existing businesses.

Board Performance

As noted earlier, the Nominating and Corporate Governance Committee has the mandate to recommend to the Board nominees for election as Board directors and for evaluating the performance of the Board as a whole, its committees and the contributions of each director.

It is the responsibility of the Chairman of the Board, who is not a member of management, to ensure the effective operation of the Board in fulfilling its mandate including its duties and objectives. The Chairman discusses directly with each chairman of the committees of the Board the mandate and functioning of the committees and reviews any recommendations from a committee chairman with the Nominating and Corporate Governance Committee. It is the objective of the Board that one Board meeting each year is planned to be held at a site other than the Company's head office, with a view to permitting the directors to review and discuss the Company's strategic plan and long-term business objectives.

Investor Feedback

The Company maintains an Investor Relations department which the Board believes is important and highly effective. Every investor inquiry receives a prompt response from the Investor Relations department or an appropriate officer of the Company.

Board's Expectations of Management

The quality and completeness of information which management provides to the Board is critical to the proper functioning of the Board. Directors must have confidence in the data gathering, analysis and reporting functions of management. The Chairman of the Board and the Nominating and Corporate Governance Committee of the Board monitor the nature of the information requested by and provided to the Board by management so that it is able to determine if the Board can be more effective in identifying problems and opportunities for the Company.

Periodically, the Board meets without the presence of directors and officers who are members of management of the Company. Two such meetings are scheduled for 1999.

The Chief Executive Officer has provided a detailed job description for the office of the Chief Executive which specifically outlines his responsibilities. This job description has been approved by the Management Compensation Committee. The Chief Executive Officers written objectives for the current year have been reviewed and approved by the Management Compensation Committee.

Directors and Officers

Directors

Ronald D. Besse[2,3,4]
Chairman, President and Chief Executive Officer Canada Publishing Corporation

H. Garfield Emerson, Q.C.[1,2,3,5,6]
President and Chief Executive Officer N M Rothschild and Sons Canada Limited

Albert Gnat, Q.C.[3,4,5]
Senior Partner Lang Michener

Thomas I. Hull[1,4,5]
Chairman and Chief Executive Officer The Hull Group Inc.

Robert W. Korthals[2,3,6]
Company Director

Philip B. Lind
Vice Chairman Rogers Communications Inc.

The Hon. David R. Peterson, P.C., Q.C.[2]
Senior Partner Cassels Brock & Blackwell

Edward S. Rogers, O.C.[1,5,6]
President and Chief Executive Officer Rogers Communications Inc.

Edward S. Rogers[1,6]
Vice President, General Manager, Greater Toronto Area, Customer Business Unit Rogers Cablesystems Limited

Loretta A. Rogers
Company Director

William T. Schleyer[3,6]
Private Investor

Ian H. Stewart, Q.C.[2]
President Seacoast Equities Inc.

John A. Tory, Q.C.[1,3,5,6]
President Thomson Investments Limited

J. Christopher C. Wansbrough[1,2,4,6]
Chairman Rogers Telecommunications Limited

W. David Wilson[2,6]
Chairman and Chief Executive Officer ScotiaMcLeod Inc.

1 Member of the Executive Committee
2 Member of the Audit Committee
3 Member of the Management Compensation Committee
4 Member of the Pension Committee
5 Member of the Nominating and Corporate Governance Committee
6 Member of the Strategic Planning Advisory Committee

Officers

H. Garfield Emerson, Q.C.
Chairman

Philip B. Lind
Vice Chairman

Edward S. Rogers, O.C.
President and Chief Executive Officer

Charles E. Hoffman
Senior Vice President, Wireless Telecommunications

Ronan D. McGrath
President, Rogers Shared Services and Chief Information Officer

John H. Tory, Q.C.
Senior Vice President, Media

Anthony P. Viner
Senior Vice President, Broadcasting

James H. Smith
Senior Vice President, Cable Communications

Alexander R. Brock
Vice President, Business Development Telecom

Donald B. Burt
Vice President, Human Resources

M. Lorraine Daly
Vice President, Treasurer

Bruce D. Day, C.A.
Vice President, Corporate Development

Kenneth G. Engelhart
Vice President, Regulatory

Alan D. Horn, C.A.
Vice President, Finance and Chief Financial Officer

W. Wayne Howard, C.A.
Vice President, Risk Management

Jan L. Innes
Vice President, Communications

Roger D. Keay
Vice President, Technology and Strategic Planning

Jeffery C. Locke
Senior Vice President, Marketing

Graeme H. McPhail
Vice President and Associate General Counsel

Bruce Melhuish
Vice President, Group Controller

David P. Miller
Vice President, General Counsel

David A. Robinson
Vice President, Financial Planning and Investor Relations

David J. Watt
Vice President, Telecom Affairs

Daphne Evans
Secretary

Ian H. Stewart, Q.C.
Assistant Secretary

Thomas H. Davidson
Vice President, General Manager Rogers Shared Services

Frank A. DiMatteo
Vice President, Procurement & Logistics Rogers Shared Services

Guy W. Knowles
Vice President, Real Estate Rogers Shared Services

Bond Information

Rogers Communications Inc.

Convertible Subordinated Debentures Due 1999 (CDN$)
CUSIP # 775109 AA9
Trustee and Transfer Agent:
CIBC Mellon Trust Company
1-800-387-0825

Convertible Debentures Due 2005
CUSIP # 775109 AE1
Trustees and Transfer Agents:
The Bank of Nova Scotia Trust Company of New York
(212) 225-5428
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes Due 2006
CUSIP # 775109 AF8
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes Due 2006 (CDN$)
CUSIP # 775109 AG6
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes Due 2007
CUSIP # 775109 AH4
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Notes Due 2007 (CDN$)
CUSIP # 775109 AJ0
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Rogers Cablesystems Limited

Senior Secured Second Priority Notes Due 2002
CUSIP # 775100 AA8
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority Notes Due 2005
CUSIP # 775100 AE0
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority Debentures Due 2007
CUSIP # 775100 AF7
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority Debentures Due 2012
CUSIP # 775100 AB6
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Senior Secured Second Priority Debentures Due 2014 (CDN$)
CUSIP # 775100 AC4
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380
Co-Transfer Agent:
CIBC Mellon Trust Company
1-800-387-0825

Senior Subordinated Guaranteed Debentures Due 2015
CUSIP # 775100 AG5
Trustee and Transfer Agent:
The Chase Manhattan Bank
1-800-648-8380

Rogers Cantel Inc.

Senior Secured Notes Due 2006
CUSIP # 775101 AA6
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Notes Due 2007
CUSIP # 775101 AG3
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Debentures Due 2008
CUSIP # 775101 AB4
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Debentures Due 2016
CUSIP # 775101 AC2
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Subordinated Notes Due 2007
CUSIP # 775101 AH1
Trustees and Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Corporate Information

Corporate Office

Rogers Communications Inc.
333 Bloor Street East
Toronto, ON M4W 1G9
(416) 935-7777

Institutional investors, security analysts and others who want financial information about any of the Rogers companies should write to David A. Robinson, Vice President, Financial Planning and Investor Relations at the corporate office. Call (416) 935-3550

On pourra se procurer le texte français de ce rapport annuel en communiquant avec David A. Robinson en téléphonant au (416) 935-3550.

For all media inquiries, please contact Jan Innes, Vice President, Communications at (416) 935-3525.

Annual General and Special Meeting

The Annual General and Special Meeting of the shareholders of Rogers Communications Inc. will be held at 2:00 p.m. (Toronto time), Wednesday, April 21, 1999 at Rogers Communications Inc. Corporate Office 333 Bloor Street East (6th floor) Toronto, Ontario M4W 1G9

Primary Bankers

The Bank of Nova Scotia, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce and the Royal Bank of Canada.

Auditors

KPMG

Valuation Day Price

For Canadian income tax purposes, the cost basis on valuation day, December 22, 1971, for the common shares of Rogers, adjusted for all prior share splits, is $0.50446 per share.

Annual Information Form

A copy of the Rogers AIF is available on request by writing to the corporate office.

Share Information

Common Shares in Canada:
Listed on the Toronto, Montreal, Alberta and Vancouver stock exchanges.

Class A Voting Shares
RCI.A CUSIP # 775109101

Class B Non-Voting Shares
RCI.B CUSIP # 775109200

Common Shares in the United States:
Listed on the New York Stock Exchange.

Class B Non-Voting Shares
RG CUSIP # 775109200

Transfer Agent:

Montreal Trust Company of Canada
(416) 981-9633 or
1-800-663-9097 and
The Bank of Nova Scotia Trust Company of New York
(212) 225-5427.

Except as otherwise indicated all trademarks are either trademarks or registered trademarks of Rogers Communications Inc. or its affiliates.
© Rogers Communications Inc., 1999.
All rights reserved.

† Registered trademark of Rogers Cantel Inc.
‡ Trademark of AT&T Corp. Used under licence.

Mobitex is a trademark of L.M. Ericson AB

Yahoo! Canada™ is a trademark of Yahoo! Inc.

Electric Library Canada™ is a trademark of Infonautics Corporation.

Quicken Financial Network® Canada is a trademark and service mark of Intuit Inc., registered in the United States and other countries, and used by Rogers Media Inc. under licence.

Printed in Canada
©1999